Austria	Sch30	Iran	Rls210	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.00	Philippines	Pes48
Belgium	BFr60	Italy	L2200	Poland	Zl 11,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Esc165
Denmark	DKr13	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S.Arabia	SR8.00
Finland	FM9.50	Lebanon	L£1,600	Singapore	S$4.10
France	FFr7.50	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malaysia	M$4.25	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft120	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,380

Friday February 15 1991

D 8523A

US INSURANCE

Regime in need of an overhaul

Page 16

Allies 'destroyed more than 1,300 Iraqi tanks'

By **Victor Mallet** in Riyadh and **David White and Robert Graham** in London

US MILITARY commanders yesterday sought to head off international protests over Wednesday's civilian bombing casualties in Baghdad by announcing substantial progress in the allied camapign to soften up Iraq's troops in the Kuwait region.

The US Central Command in Riyadh announced that the multinational forces had destroyed more than 1,300 of the 4,000 Iraqi tanks in Kuwait and southern Iraq. These figures indicate 550 tanks have been destroyed in the past five days, again raising questions about President Saddam Hussein's military tactics and underlining the importance of the air supremacy enjoyed by the alliance.

With the destruction of Iraq's war machine gathering momentum, attention also switched yesterday to both the United Nations and diplomatic initiatives in Moscow amid indications that Mr Saddam might be showing some flexibility.

The Soviet Union stepped up its efforts to mediate while restating concern about the danger of an escalation in the conflict, and the threat to civilian lives. President Mikhail Gorbachev and Mr Alexander Bessmertnykh, his foreign minister, yesterday met Sheikh Sabah al-Ahmed al-Sabah, foreign minister of Kuwait, and today will receive Mr Ali Akbar Velayati, foreign minister of Iran. On Monday, Mr Tareq Aziz, the Iraqi foreign minister, will go to Moscow.

The UN Security Council yesterday met to discuss the Gulf crisis behind closed doors for the first time since 1975, leading to speculation that some initiative might emerge leading to a commitment by Baghdad to withdraw from Kuwait.

The alliance, however, yesterday sought to contain the damage caused by the deaths of numerous civilians during a bombing raid on Baghdad on Wednesday. US officers insisted that the building described by Iraq as an air-raid shelter was an old shelter converted into a military command bunker, hardened against electro-magnetic pulse to protect communications equipment from a nuclear blast.

"We know when it was built, when it was modified, how it was done and who did it," said one officer. "We don't watch everything all the time. This was a military facility. There was no indication that we should be watching for civilians going in or out." Despite this controversy, there was no sign of reduced allied targeting yesterday.

Brig-Gen Richard Neal, the US Command spokesman in Riyadh, said that in addition to the tanks destroyed, 800 other armoured vehicles and 1,100 artillery pieces had been knocked out.

Defence officials in London were somewhat more cautious, but said at least 25 per cent of Iraq's tanks and guns in and around Kuwait had been destroyed, mostly in the past 10 days.

They added that the Iraqi army had not managed to replace any of the equipment.

Gulf reports, Pages 2 and 3

World News

Moscow set to impose price rises of up to 200%

The Soviet government is expected to unveil long-awaited price reforms on Monday raising the prices of food and clothing by between 100 and 200 per cent. But they will be offset by hefty wage compensations for a population frightened of any change in state prices. **Page 18**

Mandela case

Two key witnesses in the trial of Winnie Mandela were threatened with imprisonment but still refused to testify. The trial was postponed until March 6, along with sentencing of the two witnesses. **Page 18**

Belgium irks EC

Belgium has provoked disagreement among its EC partners by proposing the Treaty of Rome revision include a common industrial, as well as monetary, policy. **Page 8**

Dutch explosion

A massive explosion wrecked a fireworks factory in Culemberg, central Holland, causing dozens of injuries and widespread damage. Two people were reported missing

Pact dissolution

The leaders of Hungary, Poland and Czechoslovakia meet today to adopt a common stance towards the dissolution of the Warsaw Pact. **Page 8**

Czech privatisation

Plans by Czechoslovakia to privatise Transgas are the first step towards reducing the country's dependence on the Soviet Union for gas supplies. **Page 4**

Rushdie unforgiven

Iran marked the second anniversary of its death sentence against Salman Rushdie by declaring the British author must die.

Peru PM resigns

Juan Carlos Hurtado Miller, the Peruvian prime minister, has resigned. **Page 4**

Walesa jeered

More than 2,000 Polish miners stormed into the courtyard of President Lech Walesa's official residence and shouted abuse at him as they demanded higher pay.

EC poverty report

One European Community citizen in seven was living in poverty in 1985, according to an EC report.

World Bank tragedy

World Bank executive director Cezare Caranza has been killed in a car accident in Rio de Janeiro.

UN plan for Salvador

A secret United Nations document proposes dividing El Salvador into guerrilla and army zones after a ceasefire in the country's 11-year-old civil war, according to sources close to peace talks.

Six skiers killed

Six Dutch skiers were killed by an avalanche in the southern French Alps.

Nureyev final curtain

Russian-born Rudolf Nureyev, who defected to the west 30 years ago, will make his final bow on the world ballet stage in London in April.

Business Summary

Early rate cut ruled out by Japan's central bank

Yasushi Mieno, governor of the Bank of Japan, ruled out any rapid move to ease interest rates despite cuts in official rates this month in the US and the UK.

Speaking at a committee of the Diet (parliament), Mr Mieno said he would monitor the effects of previous rate increases, the last of which occurred last August, when the central bank raised the official discount rate to 6 per cent. **Page 7**

MARKETS: New York: At mid-session, Dow Jones Industrial Average was up 6.93 at 2,916.09. **Tokyo:** Nikkei closed 216.90 *higher at 25,356.37, rising for* eighth day. **Frankfurt:** DAX closed 2.89 lower at 1,486.72. **Back Page, Section II**

TRYGG-Hansa SPP, Sweden's largest insurance company, led international consortium of investors in acquiring Home Insurance, US non-life insurer, from AmBase Corporation for $935m. **Page 19**

BRITISH Petroleum reported 32 per cent rise in net income to £456m ($903m) for final quarter of 1990 but warned of stock loss in next quarter thanks to recent drop in oil prices. **Page 19; Lex, Page 18**

NEWS Corporation, Rupert Murdoch's media group, announced 34 per cent increase in net profits to A$183m ($144m) for six months to end-December 1990. **Page 19**

MCCAW Cellular Communications, biggest US provider of cellular telephone services, made fourth quarter loss of $148.8m from $58.4m a year ago. **Page 22**

INDIA has sold most holdings of foreign securities in order to finance imports and avoid defaulting on foreign debt payments. **Page 7**

NORSK Hydro, Norway's largest publicly quoted company, announced rise in net profits to NKr2.9bn ($510m) for 1990 from NKr2.7bn. **Page 19**

AUSTRALIA's unemployment rate rose to 8.4 per cent in January, the highest level since March 1987. **Page 7**

UK government is accused of wasting £300m ($594m) through refusal to hedge obligations in subsidising interest rates on £5bn export credits. **Page 4; UK economy, Lex, Page 18**

CBS, US media group, is to cut annual dividend from $1.10 to 25 cents. **Page 22**

RHONE-Poulenc Rorer, pharmaceuticals company formed last July, made small profit after heavy restructuring costs in 1990. **Page 20**

Fletcher Challenge, diversified New Zealand conglomerate, posted 17.7 per cent drop in operating earnings to NZ$654m ($394m) in six months to December 31. **Page 23**

SOVIET agriculture: Millions of hectares of land have not been prepared for spring sowing this year. **Page 28**

CHASE AMP Bank of Australia announced net loss of A$150m ($117m) for year to December. **Page 23**

SWEDEN'S Social Democratic government unveiled broad-based business policy to revive economic growth. **Page 8**

Brussels ready to approve state aid package for airlines

By **David Gardner** in Brussels

A WIDE-RANGING package of support measures for airlines – including the sanctioning of state aid – is expected to be approved next week by the European Commission to help the industry through the business collapse caused by the Gulf war.

In what could be a significant further concession, the Commission is also willing to consider allowing the package to run for more than the three-months initially envisaged.

Mr Karel Van Miert, EC transport commissioner, said yesterday that the measures would be "strictly tied to a fixed period, and strictly linked to the [Gulf] crisis". But he conceded that the looser regime "could eventually be prolonged if the crisis goes on".

Sir Leon Brittan, EC competition commissioner, said last week that any special aid for airlines should be allowed only for a maximum of three months.

There was concern that anything beyond this would be seen as going some way towards meeting the airline *industry's request for a longer* pause in the EC's liberalisation drive, which aims to have open competition in air transport by 1993.

The Association of European Airlines (AEA) argues that the industry could be crippled without a lengthier period of support. Mr K. H. Neumeister, AEA secretary-general, said: "This summer is gone for us, even if the fighting finishes in a week's time."

BRITISH Airways yesterday announced additional fare cuts on North American routes, defying US attempts to stop it offering sharp discounts on some of its transatlantic fares.

BA is cutting its summer season 30 days advanced purchase (Apex) return fares by a third from all UK airports on 25 routes to the US and Canada. Earlier this week it announced similar reductions on Apex return fares for passengers travelling from the US to the UK.

Fare war, Page 10

On Tuesday, Mr Bernard Attali, AEA president, said the industry was seeking permission to share capacity on what are now little-travelled routes – a non-competitive market-sharing practice the Commission has cracked down on – "for the length of the summer season".

In addition to allowing capacity sharing, and enabling airlines to respond to changes in the crisis more quickly by speeding up the lengthy procedures *they have to go through* before altering their fares, the Commission is likely to suggest specific areas in which state aid could operate, Mr Van Miert disclosed.

These would include compensation for increasing costs for security and insurance premiums caused by the war; proposals to reduce value added tax on air tickets from a current EC maximum of 19 per cent to 9 per cent; and allowing member states to defer the collection of half the value of air traffic control charges for up to two years.

The transport commissioner stressed that these would be recommendations, which member states could choose to adopt or not.

But he made clear that the Commission had called a meeting with the AEA two weeks ago "to avoid member states taking measures on their own which would put at risk our [liberalisation] policy".

He said he had already sensed that EC transport ministers were "getting a bit more cautious" about the final stages of air transport deregulation and feared some member states might break ranks.

Asked whether the regime for airlines might follow the precedent set by the supposedly temporary emergency regime for EC steel, which lasted throughout most of the last decade, Mr Van Miert said that after three months the airlines would have to go through the Commission's competition hoops again.

"If there is to be an extension there will have to be a proper revision of the situation, and then some of the elements, such as [compensation for high] security costs, may be kept", the Belgian commissioner said.

He agreed that the airline's plight predated the Gulf war, and saw a shake-out in the industry as an inevitable consequence of the EC's liberalisation drive.

EC trade commissioner Frans Andriessen (left) and US trade representative Carla Hills: strains

EC stance on farm reform is setback for Gatt hopes

By **William Dullforce** in Geneva

PROSPECTS of salvaging international talks liberalising trade have been set back by the European Community's refusal to give commitments on world farm trade reform for which the US has been pressing in the past 10 days.

Adding to the problem, there have been strains in the relationship between Mr Frans Andriessen, EC trade commissioner, and Mrs Carla Hills, US trade representative.

In several transatlantic telephone conversations during the talks, they have failed to agree on how to restart the negotiations on agriculture.

EC-US discussions have centred on finding a formula that would allow Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), to call for a resumption of the multilateral farm negotiations.

The European Commission informed the US trade representative's office on Wednesday that it was not prepared to accept wording committing it in advance to negotiating separate and specific assurances to reduce farm support in each of three sectors – internal assistance, border protection and export subsidies.

Commission officials have seen Mrs Hills' action as an attempt to impose pre-conditions for a resumption of the talks and to exact concessions in advance of formal negotiations.

The US and the Cairns Group of 14 farm-exporting nations, led by Australia, have been holding out for an assurance on this point from the EC.

They reject an alternative approach under which reductions in subsidies would be geared to an overall yardstick for support levels and would allow countries to cut deeper in one sector and less severely in others.

Farm exporters fear that the EC would concentrate its cuts on internal supports and do less to reduce import barriers and export subsidies.

The Commission's message is regarded by the US as a retraction of the readiness to discuss separate commitments in the three areas that the Commission showed at the meeting of world trade ministers in Brussels in December.

However, some confusion

Continued on Page 18

US seeks ruling on Airbus, Page 8

GM, Ford record large losses as global sales continue to fall

By **Alan Friedman** in New York

GENERAL MOTORS and Ford of the US, the world's two biggest vehicle makers, plunged into bigger than expected losses in the final quarter last year and warned of continuing severe financial pressures in the current year.

The results reflect the growing squeeze on the world automotive industry, as sales fall in North America and Europe and demand weakens in Japan.

GM, the largest US automobile manufacturer, yesterday disclosed a $1.6bn loss for the fourth quarter of 1990, its biggest ever quarterly deficit and well above Wall Street's forecast of $1.4bn.

The full-year loss, also a record, totalled $2bn on sales 1.5 per cent lower at $110.8bn. GM said it earned $102m in 1990 before a special $2.1bn third quarter write-off for restructuring costs, including the closing of four plants.

Ford Motor Company, the second biggest US carmaker, revealed a $519m loss for the last quarter of 1990, the company's first quarterly deficit in eight years and its second highest quarterly loss ever.

Japanese motor manufac turers are reducing output because of the fall in the US market and slowing demand at home. Yesterday, Nissan Motor and Mitsubishi Motor joined the list of companies making production cuts. If the scale of the cuts accelerates it could have an impact on the growth rate of the Japanese economy.

Page 4

Ford's full-year net earnings fell 78 per cent to $860m, the worst annual performance since 1982. The profit was struck on revenues of $97.7bn, up 1.6 per cent.

The profits of Ford's European automotive operations fell to $145m from $1.19bn a year earlier.

The figures from Detroit underscore the severe problems of the North American motor industry, which last week saw GM act to cut its dividend by 47 per cent and unveil a sweeping cost-reduction programme.

Yesterday Ford was pessimistic about prospects for the current year. Mr David McCammon, company treasurer, predicted a "significant loss" in the first quarter of 1991 and a possible loss for the full year.

He said Ford would attempt to reduce its salaried workforce through attrition but noted that white-collar redundancies were "very likely".

Ford's factories operated at only 60 per cent of capacity last month – a level in January and are expected to stay at this level during February.

Mr Harold Poling, Ford chairman, said many of the company's automotive markets weakened in 1990, which he termed "a tough year for Ford".

He added: "Unfortunately the same economic and market factors that adversely affected the latter part of 1990 are continuing into early 1991." He said the uncertainty caused by the Gulf war had resulted in a

Continued on Page 18

Details, Page 22; World markets, Page 37

Weekend FT

Tomorrow: How Colin Powell and his commanders hope to exorcise Vietnam

●

The challenge of rebuilding Dresden

CONTENTS

Children move to centre stage in the run-up to UK elections

When Norman Lamont, UK chancellor of the exchequer, presents his budget next month, the bottom line will be political cash flow – how much flows in to the Treasury, and how much flows out to parents.

Page 17

MARKETS

STERLING
New York lunchtime:
$1.978
London:
$1.981 (1.991)
DM2.905 (2.9)
FFr9.895 (9.88)
SFr2.49 (2.4875)
Y257.0 (257.0)
£ Index 94.4 (94.6)

GOLD
New York: Comex Apr
$370.2 (369.5)
London:
$368.25 (368.25)

N SEA OIL (Argus)
Brent Apr
$18.925 (19.425)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime:
DM1.469
FFr5.004
SFr1.25955
Y129.85
London:
DM1.466 (1.4565)
FFr4.995 (4.9625)
SFr1.2565 (1.2495)
Y129.7 (129.05)
$ Index 59.7 (59.5)
Tokyo close: Y129.65

US lunchtime rates
Fed Funds $6\frac{1}{4}$%
3-mo Treasury Bills:
yield: 6.01%
Long Bond:
$96\frac{7}{8}$
yield: 7.969%

STOCK INDICES
FT-SE 100:
2,294.4 (+26.6)
FT Ordinary:
1,817.5 (+25.8)
FT-A All-Share:
1,103.6 (+1.3%)
New York lunchtime:
DJ Ind. Av.
2,916.09 (+6.93)
S&P Comp
368.74 (−0.28)
Tokyo: Nikkei
25,356.37 (+216.9)

LONDON MONEY
3-month Interbank:
closing $13\frac{1}{8}$ ($13\frac{1}{4}$)
Liffe long gilt future:
Mar $93\frac{13}{32}$ ($93\frac{3}{16}$)

Soviet diplomats step up drive for peace

By Quentin Peel in Moscow

THE Soviet Union is stepping up its efforts to mediate a peace settlement in the Gulf, with a flurry of diplomatic activity in Moscow.

The moves coincide with a restatement of Soviet concern about the danger of an escalation in the conflict, and the threat to civilian lives, following the allied bombing of an air raid shelter in Baghdad.

Soviet officials insist that Moscow is not relaxing its absolute support for the United Nations resolutions which have demanded Iraqi withdrawal from Kuwait.

President Mikhail Gorbachev and his foreign minister, Mr Alexander Bessmertnykh, yesterday met Sheikh Sabah al-Ahmed al-Sabah, foreign minister of Kuwait, and today will receive Mr Ali Akbar Velayati, foreign minister of Iran.

The Soviet Union has also invited European Community foreign ministers to Moscow tomorrow for talks on the Gulf War, a Luxembourg official said last night. The invitation is to the foreign ministers of past, present and future Community presidents – Italy, Luxembourg and the Netherlands.

On Monday, Mr Tariq Aziz, the Iraqi foreign minister, will arrive in Moscow. He is expected to bring a response from President Saddam Hussein to proposals made this week by Mr Yevgeny Primakov, the Soviet leader's personal envoy, when he flew

to Baghdad.

The Soviet envoy expressed guarded optimism about the possibility of Iraqi movement on the crisis, suggesting there were "rays of light which enable us to think more optimistically".

Sheikh al-Sabah said after his talks that he understood the Soviet initiative had "met a certain flexibility" in Baghdad.

Mr Vitaly Churkin, the Soviet Foreign Ministry spokesman, was anxious to restrain over-optimism in response to Mr Primakov's initial statement. "Don't jump to conclusions," he said. "There is a very cautious optimism, nothing solid we can grab to give hope for a speedy outcome."

He said that the civilian casualties in Baghdad "confirm the Soviet concern that the logic of the war may lead to unpredictable consequences, and the situation may get out of hand.

"Civilian casualties demand the urgent political and diplomatic moves to end the bloodshed. This is what Soviet efforts are all about."

He said that in addition to the talks with Kuwait and Iran, Mr Bessmertnykh had also been in contact with Yugoslavia, as current chairman of the Non-Aligned Movement, to co-ordinate their peace initiatives.

Mr Churkin refused to take sides in the row over the US bombing of an air raid shelter in Baghdad, saying: "We are not umpires here."

William Dullforce adds from Geneva: Iran plans to co-ordinate its efforts to stop the Gulf conflict with the Soviet Union's latest attempt to find a peaceful solution.

Iran's President Ali Akbar Hashemi Rafsanjani recently exchanged letters with Mr Saddam but said the Iraqi president's answer had not been what he had hoped for.

Mr Velayati said that Mr Saddam's response was still being carefully studied, while the talks in Baghdad between Mr Primakov and Mr Saddam had strengthened Iranian hopes.

In Geneva to address the UN disarmaments conference, Mr Velayati also held talks with Prince Saud al-Faisal, Saudi foreign minister. One purpose of the meeting had been to discuss the resumption of diplomatic relations between the two countries, Mr Velayati said.

A woman beats her breast yesterday as bodies are taken from the Baghdad shelter hit by US bombs on Wednesday

Baghdad bunker bombing fails to alter US citizens' support for war

By Peter Riddell, US Editor, in Washington

TELEVISION pictures of large numbers of civilian casualties after the Baghdad bunker bombing have had a shock effect in the US, but do not appear to have alt ered many people's view of the war.

Ahead of opinion poll evidence, initial impressions are that most Americans accept the White House line that the bunker was a valid military target, and that it did not know civilians were there. Others interviewed have noted the Iraqi Scud missile attacks on Israel and Saudi Arabia. They have said that such regrettable civilian deaths occur in war and that no one has seen how many people the Iraqis have killed in Kuwait.

However, the White House's sensitivity about the impact of civilian deaths was shown in the carefully co-ordinated reaction to the news.

The administration knows it cannot afford many repetitions of such pictures, though the Iraqis yesterday revised down their estimate of deaths from an initial 400-500 to at least 288bodies brought out.

The episode underlines how instantaneous television communications change the presentation of war.

Iraq revises down number of dead from around 450 to at least 288

It can reduce the control of political leaders of open societies over what is known, while increasing the scope for the selective presentation of events by the leaders of closed societies such as Iraq.

Right-wing groups in the US have strongly criticised Cable News Network and other journalists reporting out of Baghdad for being propagandists for Saddam Hussein since they are subject to strict Iraqi control over what is seen and shown to the world.

The worry in the White House is that such events will produce strains in the international coalition, strengthen calls for a pause in the bombing and diplomatic initiatives and increase pressure for a change in the military approach.

Publicly US officials are relaxed about Moscow's latest round of contacts with Iraq, Iran and other parties, but there is wariness about calls for a ceasefire or deviation from calls for an Iraqi withdrawal from Kuwait.

On the military side, US officials said they would be reviewing their list of strategic targets, such as suspected command and control centres around Baghdad. However, while strenuously avoiding civilian targets, the Pentagon is refusing to rule out attacks on military communications centres where there might be civilians.

There has been talk that such civilian casualties and diplomatic activity could bring forward the start of a full-scale ground campaign. But there is no sign of that.

Mr Dick Cheney, the US defence secretary, says the air campaign will be continued for "an additional period of time," though attention can now increasingly be shifted from strategic targets inside Iraq (such as the bunker in Baghdad? and focus upon ground forces deployed in southern Iraq and Kuwait.

Mr Cheney and Mr Tom King, the UK defence minister, have argued this week that more needs to be done to destroy Iraq's military capability.

Calm of St Louis unruffled by war in the Gulf

By Nikki Tait, recently in St Louis

IT IS not everyday that two camels appear on the streets of St Louis. But organisers of a "pro-the-troops" demonstration know how to pull in the TV cameras, and local reporters duly turn up. So do about 200 people – out of the city's population of half a million.

The next day, these supporters give way to the anti-war lobby. This time, the gathering is truly forlorn; a straggling group of protesters, easily overlooked by shoppers and passers-by, which has kept a regular weekly vigil on the steps of the old Custom House ever since the Gulf conflict started to erupt.

But this is a "middle-America" city, three weeks into a war which may last for months. It is a far cry from the hysterical east coast, where the Gulf situation dominates most conversations. "It was like this in Vietnam," comments one local resident. "I see some ribbons and flags, and we've got people out there. But it's a mid-western attitude, a little more personal – people kept things to themselves."

War is certainly not forgotten. Motorists driving in from the airport are confronted by a billboard urging support for the troops. Some 17,000 people, turning out to cheer the local ice-hockey team to victory, stand in a two-minute silent prayer. A few shops even display yellow ribbons, although such marks of solidarity are rather more noticeable among the twee antiques shops in neighbouring St Charles than in the city centre.

But the mood is measured, and generally thoughtful. Even the St Louis Post-Dispatch, the main local paper which is generally viewed as conservative, has not been unquestioning in its support. It headlines a mass of readers' letters about the conflict as "A Nation Divided Over the War in the Gulf". The City's library reports a run on books about Iraq, while one gentleman rings the local radio station phone-in to ask earnestly where the West Bank is.

Business, too, remains more absorbed by the underlying recessionary pressures than Gulf-related developments. Here, the outbreak of hostilities has arguably had the most dramatic impact on Trans World Airlines, the international carrier which uses St Louis as its main domestic hub.

Passengers flying out of the city find themselves accompanied by furloughed employees hoping to find temporary work in New York and other cities. Lay-offs have been blamed on the plunge in transatlantic travel although, even here, unions are sceptical of management's motives.

Elsewhere, the impact is far more muted. Commonsense suggests that locally based defence contractors, which include General Dynamics and McDonnell Douglas, should be correspondingly cheerful. But officials are weary of the question. They note only that redundancies resulting from cutbacks in Pentagon spending are continuing, and say no step-up in employment is planned as a result of the war.

Round at the local convention centre, the attitude is simply sanguine. A senior organiser insists that there have been no cancellations to date, and suggests that Americans' reluctance to travel overseas may help business should the conflict be prolonged.

Even St Louis' best-known corporate name, Anheuser-Busch, is largely stymied. By ill-chance the war is being fought out in a Moslem area, so America's biggest brewer has confined its donation to over half a million cans of O'Doul's, a non-alcoholic brand.

UN meets amid hope of finding path to ceasefire

By Michael Littlejohns, *UN Correspondent in New York*

THE UN Security Council met behind closed doors yesterday amid hopes of finding initiatives to end the Gulf war and a commitment by Iraq to withdraw from Kuwait.

Delegates of Kuwait and Iraq were among those listed to address the 15-nation body.

The decision to hold private meetings, for the first time since 1975, was taken on the initiative of Sir David Hannay, the British delegate, who said it was imperative to hold these important discussions "away from the glare of publicity."

Britain and the US feared that Yemen, the only Arab member, and Cuba, both of which had been demanding public debate on the war since the allied offensive began, would use the council as a propaganda platform, particularly after Iraqi civilians were reported killed in a US raid on Wednesday.

Mr Abdalla Ashtal, the Yemeni representative, told reporters that a resolution was being prepared but he said it was not proposed to mention that incident which he had earlier called "cold-blooded murder." He said that in protest against the decision to go private he would not join in the debate although he would remain at the council table.

Mr Thomas Pickering, the US delegate, who had strongly opposed any council discussion, said he hoped now that there could be a serious exchange of ideas and was pleased by the decision to meet.

Mr Javier Pérez de Cuéllar, the UN secretary-general, said everything possible must be done to bring about a peaceful settlement but a ceasefire without a firm Iraqi commitment to withdraw from Kuwait would not be acceptable.

Asked about harsh Iraqi criticism of his own role, he said: "I don't think this is very courageous because - the secretary-general is the least aggressive, the least important of their enemies. I don't pay any attention at all to their insults."

'Iraqis executed over 200 Kuwaitis'

By Victor Mallet in Riyadh

IRAQI forces have executed over 200 people in Kuwait since the start of the allied air bombardment a month ago, apparently in revenge for the bombing, a spokesman for the Kuwaiti government-in-exile claimed yesterday.

Col Abdullah al-Kandari of the Kuwaiti air force said 65 Kuwaitis, some of whom had been arrested previously, were executed in four days; 12 had their throats cut and their heads removed from their bodies, he said.

"Their corpses were then placed in front of their homes and were left for 36 hours for others to see."

Col al-Kandari was unable to provide any hard evidence for the Kuwaiti claims and there was confusion about the timing of the killings. He pointed out, however, that President Saddam Hussein was allowing controlled news reporting from Baghdad but not from Kuwait.

Brig Gen Richard Neal, the US spokesman, said the US central command had received reports substantiating claims that there had been an increase in executions in recent days.

"Since the beginning of the air campaign, the focus of the media has been taken away from the pain and suffering which has been endured by the Kuwaitis as a result of Saddam Hussein's invasion of our country," he said. "The world should remember, it is the aggressive actions of Saddam Hussein which have caused this pain. Saddam Hussein is responsible for this war."

Col al-Kandari said Kuwaiti morale was good despite the increasing hardships of life in the country under Iraqi occupation. The Iraqis, he said, had fortified houses along the coast and in other strategic places and were becoming increasingly erratic, shooting people for the slightest excuse. Two weeks ago, he said, two people were killed for not standing in line while waiting for gas bottles.

Saudis cater for PoWs' needs as Christians

By Victor Mallet

SAUDI officials have asked a US chaplain for assistance with Christian materials, such as Bibles, for any captured Iraqi Christians, a US military officer said yesterday.

Saudi Arabia, which sees itself as a champion of puritanical Islam, normally forbids any non-Moslem worship, and has restricted the priests and rabbis with Christians and Jews among the allied forces.

Asked if Iraqi prisoners of war had more freedom than allied soldiers, the officer said: "In some cases, yes."

Saudi Arabia seems anxious to show strict adherence to the Geneva Convention.

The US is handing over all PoWs to Saudi custody, but monitors the treatment of those captured by US forces and could demand them back if they were denied their rights.

The US officer said the Americans had asked the Saudis to provide Moslem clerics for Moslem Iraqi prisoners, and the Saudis might ask for priests for the minority Christians.

It emerged this week that Saudi Arabia was seeking an international loan of \$3.5bn – another sensitive subject in an Islamic country which frowns on the payment or receipt of interest.

India accuses US of exceeding mandate

By David Housego in New Delhi and agencies

INDIA yesterday voiced its first open criticism of the US-led coalition forces in the Gulf when it charged them with going beyond the United Nations mandate by bombing civilian targets. Reaction from some Arab countries was more vociferous.

Mr V.C. Shukla, the Indian Foreign Minister, said on his return from a non-aligned meeting in Belgrade that the multinational forces were clearly going beyond the mandate by continuing to target non-military locations in Iraq and Kuwait. India is currently a member of the Security Council.

Both Mr Gandhi's Congress party - on which the government depends for support - and Opposition parties have called for India to take more vigorous diplomatic action to bring about a ceasefire. They have also called for a halt to to the refuelling of US C141 transport planes at Bombay and other Indian airports.

In the Arab world, Jordan, Algeria and Tunisia declared official mourning and voiced outrage over the deaths. Jordanian demonstrators stoned the US and Egyptian embassies in Amman.

King Hussein of Jordan, an increasingly strident critic of the war, wrote to Mr Javier Pérez de Cuéllar, UN Secretary General, that it showed that "some see [Security Council resolution 678] as the licence to launch an organised war of devastation against Iraq."

Algeria launched its most violent attack to date on the US-led coalition, calling the raid a deliberate massacre of innocent civilians.

Thousands of enraged Palestinian demonstrated in refugee camps in Lebanon, vowing to avenge the bombing.

Media in Arab countries fighting alongside the US gave the raid restrained coverage, reflecting official embarrassment.

Mr Hosni Mubarak, the Egyptian president, Washington's principal Arab ally in the anti-Iraq coalition, expressed deep regret at the deaths but said civilian casualties were in the nature of war.

In Indonesia, the world's most populous Moslem country, police arrested at least six anti-war demonstrators and beat several others after a march on the US, British and Japanese embassies in Jakarta, witnesses said.

Government leaders, fearing the war will provoke widespread anger has repeatedly told Indonesians not to get worked up and threatened tough action against anyone using events in the Gulf to stir up trouble.

Israel guarded over Genscher's Golan initiative

GERMAN suggestions of a post-Gulf war rapprochement between Israel and Syria yesterday drew a guarded response from Israeli leaders, reports **Hugh Carnegy** from Jerusalem. They reiterated their commitment to holding onto the Golan Heights, one of the main bones of contention between the two countries. Syria insists that the Golan has to be returned.

Mr Hans-Dietrich Genscher, the German foreign minister, mooted a Syrian-Israeli settlement after talks in Damascus on Wednesday with President Hafez al-Assad. Mr Genscher said Syria would be prepared to recognise Israel's existence as part of an overall Middle East peace settlement, which included self-determination for the Palestinians.

There have also been a number of reports in the Israeli media saying Washington has sounded out the Israeli government on a possible demilitarisation of the Golan Heights, captured by Israel in 1967 and virtually annexed nine years ago, as part of moves after the war towards regional peace.

The government of Mr Yitzhak Shamir repeated its previous stance that Israel would welcome direct talks with Syria "without preconditions". Officials said any offer to recognise Israel was welcome.

Although Israeli law was extended over the Golan, in legal terms the government does not regard the territory as annexed, in theory leaving room for negotiation.

But a letter on Mr Shamir's behalf sent to Israeli settlers in the Golan yesterday said Israeli rule over the area "will indisputably continue to be in force". It dismissed the reports of demilitarisation as "figments of the imagination".

Arafat: has not authorised attacks on western targets

Arafat resists pro-Saddam pressures

The bombing of Iraq has hardened PLO attitudes against the allies, says Lamis Andoni

MR Yassir Arafat, chairman of the Palestinian Liberation Organisation, is under heavy pressure from within the PLO to become more involved in the war alongside Baghdad.

So far Mr Arafat has resisted and has not officially authorised attacks against western targets in retaliation for the US-led military assault against Iraq.

But the bombing of Iraq and the tough measures being adopted by Israel in the West Bank and Gaza strip are further radicalising important elements of Mr Arafat's constituency.

Mr Arafat's diplomatic strategy of recognising Israel and seeking a two-state solution to the Palestinian problem may be a casualty of this growing militancy.

"What was acceptable three years ago is no longer acceptable to many Palestinians now," said one PLO official referring to the wide Palestinian support that Mr Arafat secured in 1988 for the two-state plan.

For thousands of Palestinians – in the occupied territories, Jordan and Lebanon – Saddam Hussein has become a hero. His Scud missile attacks against Israel, however ineffectual they may have been militarily, have bolstered his standing among Palestinians.

PLO officials concede that it has lost international sympathy as Israel emerges "the victim of Iraqi missiles". Yet at the same time they argue that international support for PLO moderation has failed to end the Israeli occupation or even to provide international protection to the Palestinians in the West Bank and Gaza Strip.

They also fear that the US and Israel will seek to strike the organisation out of any post war arrangements especially if Iraq was defeated. "The US will try to redraw the map of the area in a way that will assert its control," said Mr Arafat recently.

Several European governments, according to PLO officials, have implied that they might consider closing the organisation's offices while Washington has sent serious warnings to Arafat to distance himself from Iraq.

The American message, which has been conveyed through various channels, warned that the PLO will exclude itself from a post-war settlement if it does not end its close association with Baghdad.

Initially there were some within the PLO – but mostly prior to the war – who pressed for "a balanced mediating role", but the allied bombing campaign against Baghdad has stilled more moderate voices for the time being.

Consequently calls for reviving armed struggle and even "terrorist attacks" against western interests have been renewed by most of the Palestinian groups including those who renounced such tactics in 1974.

Palestinian analysts argue that if the US and Europe did not show immediate and serious readiness to address the Palestinian problem a wave of violent extremism will be unleashed.

"If they do not redress the root problems which lie behind Saddam's popularity then we shall witness a wave of unprecedented violent extremism...," said Mr Assad Abdul Rahman, a Palestinian political scientist who supports PLO moderation.

PLO officials believe that both the US and Israel will, meanwhile, try to find alternatives to the PLO from within the occupied territories, but they warn that, as in the past, any such alternative is unlikely to win Palestinian legitimacy.

They also say that attempts to further undermine the PLO may prompt the birth of a more extremist body.

"The Americans will commit a serious mistake if they try to finish Arafat...Arafat is the only leader who has the legitimacy among his people and in the Arab and Islamic world," warns Mr Abdul Rahman.

"Arafat is the only one who can deliver. Any other person who might try to endorse a compromise will be unacceptable or even assassinated."

The Financial Times (Europe) Ltd
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiolettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: B. Hughes, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

THE GULF WAR

Allied bombing raids wipe out Iraq's oil refining capacity

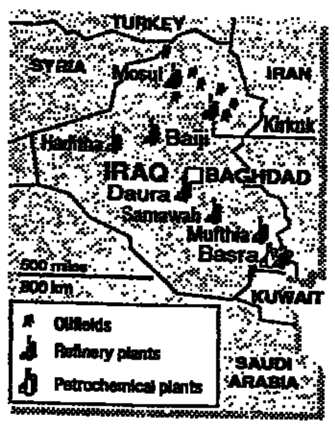
By Deborah Hargreaves

THE allied bombardment of Iraq has knocked out almost all of the country's oil refining capacity, according to defence officials in London. This will mean Baghdad will become a net importer of refined products when the war is over.

This could lead to tightness in the world market for refined products such as gasoline and jet fuel, especially if Kuwait's high-tech refineries are destroyed by retreating Iraqi troops.

Kuwait's refining system is regarded as one of the best in the world and the removal of its products from the market after Iraq's invasion has meant refineries in Saudi Arabia have been producing flat out to make up the shortfall.

Defence officials said yesterday all the main refineries



were thought to have been badly damaged or to have been shut down, in some cases possibly to avoid incurring attacks.

The Daura refinery near Baghdad, which produces 71,000 barrels a day (b/d), was hit on the first night of bombing. After that, the allies targeted the Baiji complex, Iraq's largest, with an output of 150,000 b/d.

Basra's 70,000 b/d refinery on the Gulf coast was also hit. The town is also the site of a big petrochemicals complex which is still under construction.

Iraq has five other very small refineries.

Before its invasion of Kuwait, Iraq was producing about 400,000 b/d of refined products and using about 350,000 b/d internally. It made some exports of heavy heating fuel to Turkey, but did not figure in the international export market for products.

Kuwait, however, exported about 600,000 b/d day of its refined product output while consuming about 100,000 b/d domestically. Its refineries were among the most sophisticated in the world – highly flexible and capable of producing a wide range of products.

These plants are understood to have been looted by the Iraqis and anything movable, such as computer control panels, has been taken back to Baghdad. If this is all the damage that has been done, it will just be a matter of heavy investment to get the refineries producing again.

But there is a fear that Iraq may blow up Kuwait's refineries, which would require a massive reconstruction project taking at least two years.

A Scottish soldier guards a British prisoner of war camp in the Saudi desert. The Iraqi prisoners will be given a copy of the Koran and all food will be cooked according to Moslem customs

Saudis no longer made of money

Victor Mallet looks behind the kingdom's request for a $3.5bn loan

ANYONE who thought Saudi Arabia was made of money will have to think again now that the Saudis have gingerly put aside their Islamic sensitivities and asked international banks for a $3.5bn (£1.76bn) loan to help pay for the war against Iraq.

In the first few months after Iraq's invasion of Kuwait in August last year, Saudi Arabia prospered; oil prices rose and Saudi crude production soared above 8m barrels a day to compensate for the loss of Iraqi and Kuwaiti production. Confidence in the economy soared as businessmen predicted that whatever the outcome of the crisis Saudi Arabia would be the long-term winner.

But outside the oil construction sector, the expansion was a short-term phenomenon. While rents rose, land prices were static. There was little private sector activity, except for prefabricated accommodation for soldiers.

Nor were the bigger Saudi companies, which are more interested in industry than in property, committing themselves to new projects, even though they might have been studying them for months and have concluded that they were viable.

By the turn of the year, however, the fragility of an economy which had always been dependent on a single commodity again became apparent as oil prices slipped back and Saudi contributions to the multinational war effort mounted.

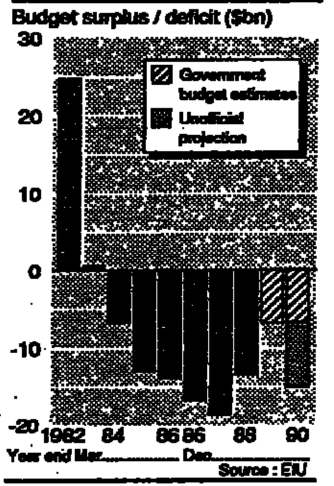
During the oil boom of the late 1970s, Saudis were the quintessential oil sheikhs, spending freely but also saving handsomely as they exploited the world's largest oil reserves. In the leaner 1980s, they depleted their treasure chest. They lived in comfort and were generous to their friends – in particular Iraq – but once recession began to bite in 1984 the Saudi budget went into deficit.

The government fell further and further behind in making payments, especially to building contractors, projects were delayed and western businessmen found profits harder to make.

Then came the war. Saudi Arabia has already spent or committed about $48bn as a result of the conflict, including aid to other members of the alliance and arms purchases for its own military. The average price of Saudi oil has fallen to about $18 a barrel, close to what it was before the invasion, although for the moment the kingdom still benefits from higher revenues because of increased production.

Saudi Arabia

Budget surplus / deficit ($bn)



Source : EIU

Saudi Arabia's finances, in short, are more unpredictable than ever, and it was for this reason that King Fahd was unable to announce an annual budget on January 1. According to preliminary figures, the Saudi government's spending in 1990 was $22bn above target. However, this figure covers only up to mid-November and was reached despite oil income last year having risen to $31bn, some $8bn more than expected.

In spite of this windfall, the 1990 budget deficit could have turned out to be at least $15bn, more than double the projected figure of $7bn.

It is against this background that Saudi Arabia has had to seek external financing, a move prompted by the kingdom's promise of $13.5bn to help cover US costs in the first quarter of this year, a sum which matched a commitment by the exiled ruling family of Kuwait.

The amount compares with expected Saudi oil revenues of only $10bn in the same period. Whether or not it is paid in instalments after the end of March, it represents a heavy burden on the Saudi exchequer.

To borrow so blatantly through the western banking system is an obvious embarrassment for a monarchy charged with the guardianship of the puritanical Wahhabi sect of Islam, even if a fig-leaf can be found whereby the interest becomes a "commission" or "handling fee".

On the other hand, the loan is good public relations for the Gulf states in the US. Some congressmen and members of the public regard the people they are fighting for as wealthy sheikhs unwilling to fight their own battles or even make the necessary financial sacrifices.

By the end of last year, Saudi Arabia had an estimated $10bn in liquid reserves, just over a tenth of the cash stockpile it enjoyed in the early 1980s. The country's total foreign holdings (excluding the unknown private wealth of the ruling Al-Saud family) are estimated at $50bn, but that includes the assets of some autonomous public institutions as well as equities, bonds and property whose sudden disposal could play havoc with world markets.

Under its own laws, furthermore, Saudi Arabia needs to keep about $10bn to cover the amount of Saudi riyal currency held outside banks. It also needs to cover a heavy import bill, which stood at about $20bn a year even before the additional demands of the war.

The country's economic planners also know that greater hardship may lie ahead. A huge oil slick, blamed on Iraq and thought to be 50 times as large as the Exxon Valdez spill, is threatening water desalination plants, factories and oil installations on the Gulf coast. Jubail may have to close the seawater canal which is used for cooling the city's dollar-earning petrochemical industries.

When the war ends, oil prices are likely to fall as Kuwaiti and Iraqi production again comes on stream. If it drags on, Washington may ask for further financial assistance, and Britain is already knocking at the door.

Bonn mends fences with aid for Jordan

By Mark Nicholson in Amman

MR Hans-Dietrich Genscher, the German foreign minister, yesterday rounded off a brisk three-capital tour of frontline Arab states by granting Jordan an additional DM150m (£51.9m).

The aid, which follows similar grants in the last two days to Egypt and Syria, is widely seen as a "fence-mending" exercise following Germany's pledge of $600m (£303m) of aid and military support to Israel.

However, Mr Genscher's three-day tour, to which he added Jordan at the last minute, is also seen as a response to criticism in the US and some European countries of Germany's low diplomatic profile.

Mr Genscher flew out of Amman yesterday after having also distributed grants of DM150m in Cairo and DM100m in Damascus, bringing total German financial support for coalition countries and those economically hurt by the crisis to DM20bn.

In addition to the money, Jordan's government will have welcomed support from a western country so soon after recent icy exchanges between Amman and the US, traditionally Jordan's central strategic ally. Washington last week said it would review financial support for the kingdom after a fiery pro-Iraqi speech by King Hussein.

A senior German diplomat said yesterday that Bonn was seeking to shore up Jordan's position as a "buffer state" in the region.

"We don't want the regime here to collapse or bankrupt itself during this war," he said.

Mr Genscher held what one German official called "condensed and unsensational" talks with King Hussein, Crown Prince Hassan and Jordan's foreign and prime ministers, which centred on the possible shape of future security arrangements in the region after the war.

Amman has so far been bypassed in talks about such matters among western and Arab coalition partners, largely because of their shared suspicion over Jordan's stance, which mixes formal neutrality with deep pro-Iraqi feeling.

Britain's ECGD policy 'has wasted £300m'

By Peter Montagnon, World Trade Editor

THE BRITISH government has wasted over £300m of taxpayers' money over the last 2¼ years as a result of its refusal to hedge its obligations to subsidise interest rates on £5bn of export credits, senior businessmen and bankers say.

The cost of the subsidies, running at £400m a year, is borne entirely by the Treasury, but is frequently cited in Whitehall as a ground for reining in the activities of the Export Credits Guarantee Department (ECGD).

As bitterness grows over the Treasury's clampdown on the ECGD, executives in industry and the City say a significant portion of these costs has been incurred as a result of the Treasury's own policies.

Organisation for Economic Co-operation and Development rules allow governments to subsidise interest payments on export credits to developing countries. Such borrowers pay a low fixed rate, while the Treasury makes up the difference with the floating money market rate charged by lending banks.

This leaves it exposed to fluctuations in money market rates which can increase the cost of the subsidy. A corporate treasurer would routinely hedge such an exposure.

The Treasury agreed to a \$2bn (£1bn) interest rate swap programme for dollar-denominated credits in 1986 but has always resisted tackling sterling loans in this way.

Among its concerns is that such an approach might affect the government's standing in international capital markets. It is also afraid of being seen by investors as taking a position on interest rate trends.

According to one banker, however, its very inaction smacks of speculation. It involves a mismatch between short- and long-term rates which, if perpetrated by a bank, would meet "a very unsympathetic response" from the Bank of England.

An executive at one leading industrial company added that the savings could have been substantial. During the last 2¼ years, the six-month sterling deposit rate which lenders receive exceeded the five-year gilt rate by an average of 2.67 per cent. In 19 of the last 20 quarters, the short-term rate has been higher than gilts.

A survey of premium charges carried out last year by the Export Group for the Constructional Industries shows meanwhile that the ECGD's premium on South African risk is effectively three times that of Coface of France and over twice that of Germany's Hermes.

The ECGD has a real problem, bankers acknowledge, in that 40 per cent of its business is with just six countries: China, Hong Kong, India, Indonesia, South Africa and the Soviet Union. Instead of pressing for restrictions on cover, the Treasury could help the ECGD to find ways of laying off this risk, bankers say.

Possibilities would include seeking guarantees from commercial banks and reinsurance arrangements with other export credit agencies.

Japanese car manufacturers reduce production

By Ian Rodger in Tokyo

JAPANESE motor manufacturers are reducing output because of the fall in the US market and slowing demand at home.

Yesterday, Nissan Motor and Mitsubishi Motor joined the list of companies making production cuts, and Toyota Motor, the country's largest producer, is expected to follow shortly.

The scale of the cuts is still very modest in relation to the industry's overall annual output of 13.4m units, but if it accelerates, as some analysts predict, it could have an impact on the already flagging growth rate of the Japanese economy.

About a tenth of the Japanese workforce depends on the motor industry for its livelihood.

"This is just the beginning of very difficult times for the Japanese car industry," Mr Stephen Marvin, an analyst with brokers Jardine Fleming in Tokyo, said.

Mr Yutaka Kume, president of Nissan, said the company would cut shipments to the US by 4,500-5,000 units next month, which is about a 15 per cent reduction from the normal level.

Mitsubishi Motors said it would reduce production in Japan in February and March by 3,000 units and Diamond Star Motors, its joint venture in the US with Chrysler, would cut output by 5,000 units.

A spokesman for Toyota Motor said the company was still considering its production schedule for March, but noted that its US car sales in January were down 16.5 per cent from a year earlier. "Naturally we will have to adjust production," he said.

Most companies put the blame for their moves on the fall in US demand. Mr Kume said the US market was being affected by the Gulf war. However, he also predicted that vehicle sales in the Japanese market would be below his previous estimate of 6.03m units. Sales in the Japanese market have virtually stopped growing since last August.

Mr Kume said Nissan was reviewing its capital spending plans and expected its spending in the next fiscal year, beginning in April, would be lower than this year.

To some extent, the cuts in exports to the US were to be expected, given the rapid build-up of production capacity by Japanese manufacturers there. But this structural shift is probably being accelerated by the current downturn in demand.

"My guess is that they will try to keep capacity use up in the US because it is newer and they want to depreciate it. That means there will be unemployment in the Japanese industry in the next two or three years," Mr Marvin said.

Domestic vehicle sales, which have grown rapidly in the past three years, have been affected recently by high interest rates. Mr Ken Courtis, an economist with the Deutsche Bank group in Tokyo, said consumer confidence was waning and, unless interest rates were lowered soon, the economy might grow much more slowly than the government hoped.

Government economists, however, remain optimistic about the outlook at home and about a quick recovery from recession in the US.

Indian Engineering Fair flourishing in the face of the Gulf crisis

BIG crowds have been thronging the grounds of the Indian Engineering Fair in Delhi, where more companies are participating this year and more new products are on display than ever before, David Housego writes from New Delhi.

But the Gulf crisis, the travel problems faced by foreign companies, India's own foreign exchange shortage and the downturn in domestic manufacturing have all cast a shadow over the show.

At a time when India is pressing hard to expand its exports, Mr Tarun Das, the executive director of the Confederation of Engineering Industry (CEI) which organises the two-yearly fair, says: "Where we have lost out most is that a group of 50 from all the UN purchasing agencies who were coming for a week [have cancelled]."

Though foreign buyers have come from Europe and Africa, and there has been a large delegation from the Soviet Union, many have stayed away. The American stands are thinly manned, as a result of the war and US government warnings against travelling to India.

By contrast, British companies have come in force, with 150 businesses represented.

Under arrangements begun in 1985, to associate one big industrialised nation with the success of each fair, Britain this time is the "partner" country. It has drawn in 50 more companies than the US did two years ago.

This reflects efforts by British industry to reverse trends through most of the 1980s by which Britain lost its market share in exports and investment in a country where it had once been dominant.

The fair has become the show-case for Indian industry as well as for foreign companies seeking to break into the Indian market.

Czechs lay down the line on energy policy

First step taken to reduce dependence on Soviet Union for gas, writes Judy Dempsey

PLANS by Czechoslovakia to privatise Transgas, the main trunk gas pipeline which runs through the country from the Soviet Union to western Europe, are the first step towards reducing Czechoslovakia's dependence on the Soviet Union for its gas supplies.

But the decision by the federal government, with the assistance of N M Rothschild, the UK merchant bankers, to turn Transgas into a joint stock company is also likely to have far-reaching consequences for central Europe's energy supplies.

Transgas, constructed by the Czechoslovak authorities in the early 1970s, and owned by the government of the Czech and Slovak Federal Republic, has an annual capacity of 73bn cu metres of gas. A third is sold to Yugoslavia, a third to western Germany and the remainder to eastern Germany and Czechoslovakia. In 1990, the market value of gas transported across Czechoslovakia totalled \$8bn (£4bn)

Since its construction, neither the Soviet Union nor those countries which received the gas paid Czechoslovakia any transit fees for use of the pipeline.

Instead, under a barter arrangement with Moscow, Czechoslovakia received payment partly in gas and partly in non-transferable roubles.

Until 1989, the Soviet Union was supplying more than 11bn cu metres to Czechoslovakia. But last year, because of the Soviet Union's domestic crisis and the need for additional hard-currency earnings, it reduced its oil and gas supplies to all the countries of eastern Europe.

Czechoslovakia, faced with a shortfall – its annual consumption totals 14bn cu metres and its own gas deposits supply no more than 500m cu metres a year – did not have the hard currency to buy on the world market.

"The Russians monitored the gas at the metering stations on Czechoslovakia's borders with Austria and Germany," said Mr Vratislav Ludvik, the director of gas and oil at Czechoslovakia's federal ministry of economy. "We had no say. They didn't even allow us to receive gas from Algeria because the Russians were afraid of the competition."

The short-term aim – Czechoslovakia gaining control over Transgas – appears straightforward. Ownership will be transferred by way of a joint stock company to the Czech Republic and Slovak Republic. In the meantime, the Czechoslovak authorities will continue negotiations with the Soviet Union to establish what Mr Ludvik calls contracts on a proper footing. "We want to receive hard currency for use of our pipeline and based on contracts."

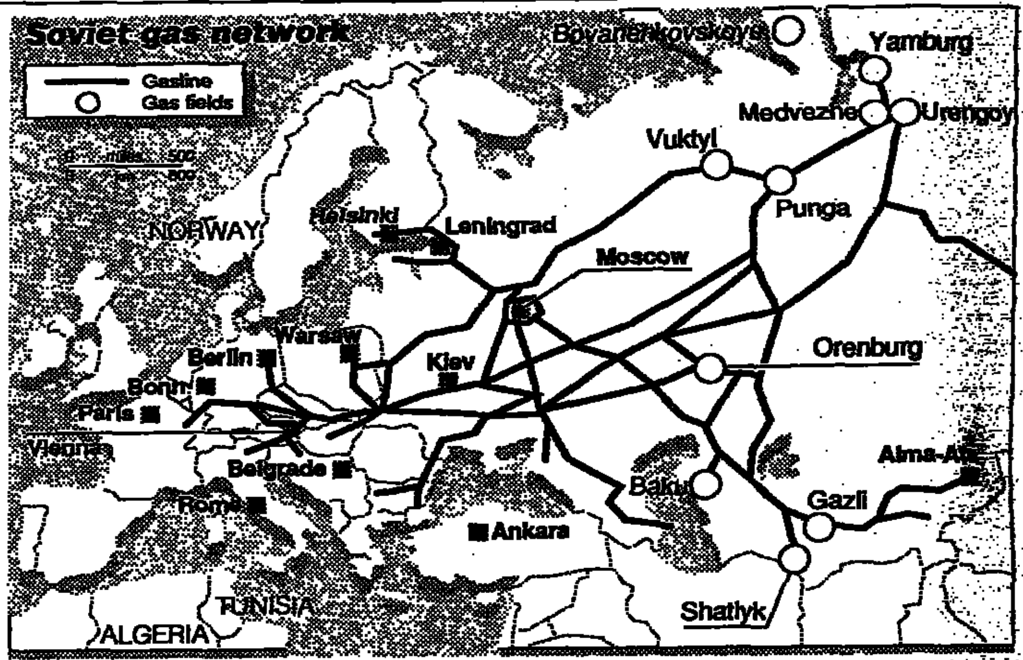
After assessments, including the evaluation of assets, there are plans to increase the annual capacity of the pipeline from its current 73bn cu metres to 79bn cu metres through capital investment in the compressor stations at Zlievce and Nitra in Slovakia.

Then a first tranche of shares – between 20 and 25 per cent – is expected to be offered to European gas companies. That capital will form the backbone of Czechoslovakia's future energy policy.

"Our aim is to lock Czechoslovakia into other European pipelines," said Mr Ludvik. This would entail Czechoslovakia obtaining access to a number of European pipelines.

These include the Transmed gas pipeline. Italy's main source of gas, which originates in Algeria and extends across to Tunisia and up through northern Italy; the line in Holland which supplies gas to France, Germany and the Benelux countries; the line in France, which imports liquefied gas from Algeria which is then reconverted and fed into the French network; and the Norwegian gas pipeline, which has yet to be fully integrated into Europe.

Talks aimed at linking the Norwegian pipeline with the Algerian pipeline by the late 1990s, and integrating Europe's gas supplies, are in progress. "It will take time to obtain access to this or any other pipeline. Besides us, the Poles and Hungarians will be very interested. It will reduce their dependence on the Soviet Union," said Mr Ludvik.



The need to diversify its energy sources is also linked to Czechoslovakia's need for more gas, necessitated by its shift away from the use of brown coal, one of the sources of Czechoslovakia's environmental problems. Mr Ludvik reckons that this shift in energy policy will lead to an increase in consumption by 8bn-10bn cu metres, to 22bn-24bn cu metres a year.

"There will be long negotiations with gas companies in Europe," said Mr Luvik. "But we have no time to waste. Our industry needs reliable supplies of energy. Our reforms depend on that."

Peruvian PM 'quits' after split over tight economic policy

By Sally Bowen in Lima

PRESIDENT Alberto Fujimori of Peru has accepted the resignation of Mr Juan Carlos Hurtado Miller, prime minister and minister of economy and finance since the government took office last July, it was reported yesterday. However, by yesterday afternoon, Mr Fujimori had said nothing publicly about his cabinet.

The resignation, if confirmed, would follow a clash in the cabinet over economic policy which could heavily damage normalisation of Peru's relations with the international financial community.

Mr Hurtado Miller has been heading negotiation of a reference programme with the International Monetary Fund, and seeking, with help from Mr Michel Camdessus, IMF managing director, \$800m (£404m) from a support group of friendly countries to cover Peru's immediate arrears to the multilateral institutions.

Internal cabinet disagreements over economic policy surfaced last week with the leak of an "alternative economic plan" presented by Mr Guido Pennano, industry and tourism minister. It was radically different from the government line, proposing adjustment to the exchange rate in an attempt to relieve the beleaguered export sector.

The proposals – quite counter to the present tight fiscal programme being negotiated with the IMF – hinged on the partial dollarisation of the Peruvian economy. After indexation of salaries and other key prices, the dollar and a new inti (the present currency with six noughts deleted) would have fixed parity.

Mr Pennano also proposed making immediate debt payments only to the Inter-American Development Bank, with nothing this year to the World Bank or IMF.

It has become clear that Mr Hurtado Miller and Mr Pennano could not continue to serve together.

The Lima daily Expreso yesterday reported as "almost certain" the appointment as economy and finance minister of Mr Carlos Bolona, an orthodox economist and once chief adviser to Mr Carlos Rodriguez Pastor, economy minister in President Fernando Belaúnde's 1980-85 administration.

Price freeze leads Brazil to import EC food

By Christina Lamb in Rio de Janeiro

BRAZIL'S new price freeze is already leading to severe shortages, prompting the government to import \$120m (£60.6m) of beef from the EC.

Many shop shelves are already empty of meat, milk, rice and cooking oil as a result of the price freeze announced two weeks ago. This fixed prices of these items at a level, so shopkeepers claim, that makes it uneconomic for them to sell, given the high cost of paying their suppliers. Those supermarkets still selling these products say they are simply moving existing stock.

Mr Romeu Tuma, federal police chief, has threatened legal action against cattle-raisers, who he alleges have increased their prices by 33 per cent since last week. "We cannot allow saboteurs to the [government's price] plan, nor is it fair that one segment of the population gets richer at the expense of the rest," he said.

Shortages in the shops and the growth of a black market for food have surfaced much more rapidly this time than in Brazil's last four price freezes since 1986, all of which were notoriously difficult to administer.

Mr Edgard Pereira, national economy secretary, said Brazil was negotiating with France, Italy and Germany to import 10,000 tonnes of beef at prices "lower than that practised by the internal market", in order to force Brazilian farmers to reduce their prices. He added that Brazil was also considering importing milk powder and rice for the same reason.

Venezuela orders spending cuts

By Joe Mann in Caracas

THE Venezuelan administration, concerned over weak international oil prices, has ordered spending reductions of close to 10 per cent in its 1991 budget of \$14.3bn (£7.2bn).

The government depends heavily on the taxes it levies on petroleum exports. International price trends in recent weeks suggest that the government's petroleum export target of \$13.2bn may be over-ambitious, and be pointing to a serious fiscal deficit.

To confront this problem, the cabinet ordered some reductions in expenditure, including cuts in the hiring of new public employees.

Mr Roberto Pocaterra, minister of finance, said the budget problems were "manageable".

However, critics in the private sector say the government is hiding the true extent of the projected budget gap and is reluctant to make any significant spending cuts.

The administration of President Carlos Andrés Pérez hopes to foment economic growth of 5 to 7 per cent this year, mainly through heavy spending by the central government, the national oil company and other state-owned entities.

Noriega associate in plea agreement

A CO-DEFENDANT of General Manuel Antonio Noriega yesterday pleaded guilty to one drug-dealing charge and agreed to testify against the deposed Panamanian leader, AP reports from Miami.

Mr Amet Paredes, the last main co-defendant still in custody, could have faced 95 years in prison on various charges, but now the prosecution will recommend a maximum of 10 years on one conspiracy count.

Unsold stocks pile up at US companies

STOCKS of unsold goods are beginning to pile up at US companies, indicating that production cuts this quarter could be sharper than anticipated, Michael Prowse writes from Washington.

The average ratio of inventories to sales in manufacturing, and in the retail and wholesale trades, rose to 1.53 per cent in December, the Commerce Department reported yesterday. This is compared with 1.50 per cent in November and 1.42 as recently as August.

The rise in recent months is significant after a long period of comparative stability. It reflects the failure of companies to cut inventories rapidly enough to keep pace with sagging sales.

The ratio is watched closely by economists because cuts in inventories typically account for a large proportion of the decline in gross national product during recessions.

The White House and other forecasters have cited tight control of inventories as a reason for expecting a mild recession.

Inventories fell by 0.7 per cent to \$810.7bn (£409.4bn) in December, but the decline was more than offset by a 2.3 per cent drop in manufacturers' and distributors' sales, to \$530.9bn.

The biggest movement occurred in manufacturing, where the inventories to sales ratio rose to 1.61 per cent from 1.57 per cent in November and 1.44 per cent last August – the month many analysts believe marked the start of the recession.

Watching and waiting on the war

The Gulf is delaying 1992's US presidential race, writes Peter Riddell

THE GULF war has delayed the start of the 1992 presidential campaign in the US. Four years ago, eight candidates were active in the field, making speeches and raising money.

Now, nobody has yet stirred. Candidates believe the public would resent a formal declaration during the course of what is expected to be a relatively short war.

On the Democratic Party's side, potential runners also want to see what happens in the Gulf before deciding whether to enter in 1992, or wait until 1996 when Mr George Bush cannot run again.

The conventional Washington view is that, if the war is protracted and US casualties are high, then Mr Bush's current high approval in the opinion polls will dive. He will become electorally vulnerable, especially if the present recession does not turn out to be as mild and brief as he hopes.

On the other hand, if there is a rapid and less bloody end to the war, and the economy picks up this year, then Mr Bush will be assured of re-election, its is thought.

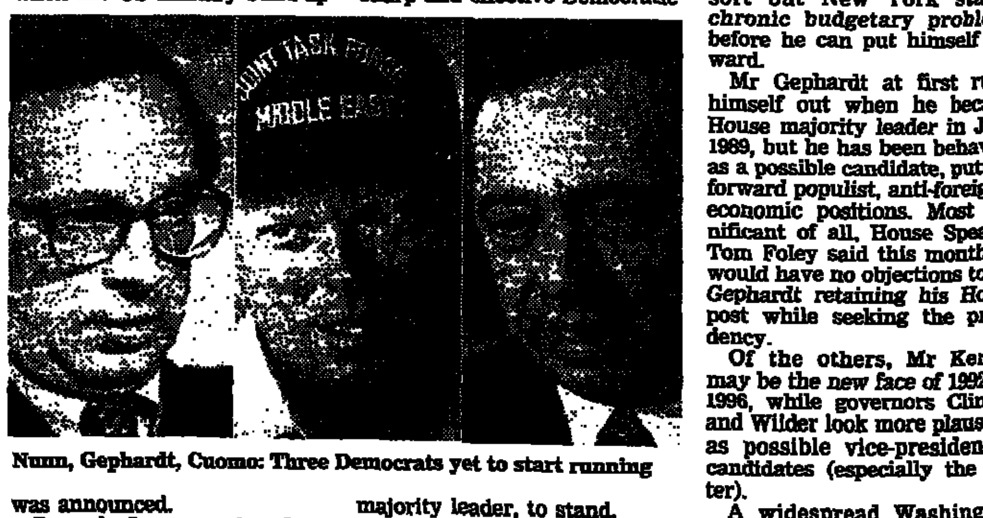
Politics are seldom as simple. The war could end by April, but the aftermath could be messy, with terrorism against US and allied targets and complicated political manoeuvres in the Middle East. It could be a pyrrhic victory.

A British parallel would be the miners' strike of 1984-85, which most voters regarded as a necessary, though unpleasant, struggle against the brand of confrontational trade unionism espoused by Mr Arthur Scargill, the miners' leader. When the miners' union was defeated, though, the ruling Conservative Party in the UK received little political benefit.

In the US, most Americans regard the war as necessary, but are far from jingoistic. So, when the fighting is over, attention may return to familiar domestic issues, where Mr Bush's standing is much lower.

Yet the Democrats have their own problems. Branded for 20 years since the Vietnam war as weak on defence, they have appeared equivocal over the present war.

Democratic leaders failed to recall Congress last November when the US military build-up was announced.



Nunn, Gephardt, Cuomo: Three Democrats yet to start running

By early January, when Congress voted, it was, in practice, too late to press for maintaining UN sanctions against Iraq. Most Democrats, including the party's potential runners in 1992 (with the significant exception of Tennessee Senator Al Gore), were against Mr Bush only five weeks ago. They have all rallied behind the war now but their dissenting votes on January 12 stand to be cited against them if Mr Bush chooses to fight a flag-and-patriotism campaign, as he did in 1988.

Possible Democratic runners include Mr Gore, Georgia Senator Sam Nunn, New York Governor Mario Cuomo, Arkansas Governor Bill Clinton, Texas Senator Lloyd Bentsen (much-praised vice-presidential candidate in 1988), House majority leader Richard Gephardt, Nebraska Senator Bob Kerrey (wounded and decorated in the Vietnam war), Virginia Governor Douglas Wilder (the first elected black governor) andRev Jesse Jackson.

There is also talk of pressing Senator George Mitchell, the sharp and effective Democratic majority leader, to stand.

New Jersey Senator Bill Bradley has been ruling himself out, having been badly bruised last year when he scraped home in his re-election campaign. He needs time to rebuild his reputation.

Mr Bentsen, aged 70 and facing his last chance in 1992, could be the flag-bearer if Mr Bush is in a strong position.

If the president looks vulnerable, however, the field will widen. Voters in Democratic primaries have been regarded as left-leaning, perhaps too much so for the chances of mainstream senators Gore or Nunn. Even so, the latter has been trying to widen his appeal – by his stand on the Gulf crisis and by shifting his views on abortion rights towards a pro-choice position. He is also developing a domestic platform so that he is not seen only as a southern conservative, strong on defence.

Mr Cuomo remains as enigmatic as ever. He has distanced himself from Washington politicians by criticising the federal budget deal of last autumn, but he will have to sort out New York state's chronic budgetary problems before he can put himself forward.

Mr Gephardt at first ruled himself out when he became House majority leader in June 1989, but he has been behaving as a possible candidate, putting forward populist, anti-foreigner economic positions. Most significant of all, House Speaker Tom Foley said this month he would have no objections to Mr Gephardt retaining his House post while seeking the presidency.

Of the others, Mr Kerrey may be the new face of 1992, or 1996, while governors Clinton and Wilder look more plausible as possible vice-presidential candidates (especially the latter).

A widespread Washington view is that Mr Jackson has passed his political peak, but he still has appeal in the black community, which is much less supportive of the war than the white majority in the US.

On the Republican side, Mr Bush, at present, looks assured of renomination. However, the party split last autumn over higher taxes and there is still talk among conservatives of fielding a nominal opponent to ensure Mr Bush does not stray too far from their beliefs.

Everyone is waiting and watching. The politically active in the critical early states of Iowa and New Hampshire are feeling neglected, but they will not have to wait for ever.

FREE CALLS FOR THE TROOPS

AN APPEAL TO BRITISH INDUSTRY ON BEHALF OF THE BRITISH TROOPS IN THE GULF

Dear Colleague,

I have been considering how we in British industry can help our Forces in the Gulf at this difficult time. One way is to help them keep in touch with home. A phone call can really boost morale. We can give our troops the means to make that call.

That is why Cable & Wireless' subsidiary, Mercury, has recently sent forty payphones for British Forces to use at bases in Saudi Arabia. Mercury are rushing a further 46 payphones to the Gulf. It will operate them on a non-profit basis.

British Aerospace, National Westminster Bank and Cable & Wireless have joined together to contribute £1 million to purchase 100,000 Mercurycards for the Ministry of Defence to distribute to British personnel in the Gulf.

I want to take the initiative a step further, which is why I am now appealing for other British companies to join us in providing this help for our troops. A minimum contribution of £10,000 will buy 1,000 cards. Each card will pay for two or three short calls or for an eight-minute call home.

If you want to contribute, please telephone 0800 300 777 for further information. If your company wishes its name to appear on the cards, this can be arranged. We are making arrangements with Forces charities for gifts to be treated as charitable donations. When the crisis is over, any surplus funds will be donated to the Gulf Trust.

I hope you will join us to help maintain the important link between British Forces and their families.

Yours

David Young

LORD YOUNG OF GRAFFHAM

FOR FURTHER INFORMATION TELEPHONE 0800 300 777

India sells foreign securities to pay for imports

By David Housego in New Delhi

INDIA has sold virtually all its holdings of foreign securities in order to finance imports and to avoid defaulting on payments of interest or principal on its foreign debt.

The full seriousness of India's balance of payments crisis is only now coming publicly to light, with the release by the Reserve Bank (central bank) of figures on recent movements of foreign holdings.

These show that the Ministry of Finance began selling foreign securities – held as backing for the currency – in early November. Two weeks before, India had revalued its gold reserves to provide additional cover for the currency.

Holdings of Rs15.6bn (£421.6m) that the Reserve Bank maintained at a constant level through 1989 and 1990 had fallen to Rs5bn by the end of last November and to Rs2bn on February 1. There is a long-standing legal minimum of Rs850m that the bank must hold in foreign securities as backing for the currency.

Under its statutes, the only foreign securities the Bank is allowed to hold are government debt, government backed corporate bonds and issues by multinational institutions.

Analysts point out that the central bank was bound to have been at a disadvantage in selling its portfolio in such a hurry.

The sale of the securities, coupled with the revaluation of India's official gold, came shortly after Moody's, the US credit rating agency, downgraded India's rating by two points to BAA-1. This virtually blocked India from rasing fresh commercial borrowings abroad.

Observers believe that India came close to technical default on interest payments on its foreign debt in January, before it drew on \$1.8bn from the IMF as the first tranche of a stand-by credit and on a loan from the Contingency Compensatory Finance Facility (CCFF).

Though this has provided temporary relief, the foreign exchange position will remain precarious until India completes negotiations for a second tranche borrowing from the Fund of about \$2bn.

The Fund is waiting to see the shape of the budget that the government of Mr Chandra Shekhar, the prime minister, is to present to parliament at the end of the month, before it takes a decision.

Though Mr Yaswant Sinha, the finance minister, has said that the deficit would be cut to 6.5 per cent of GDP from 8.3 per cent this year, there is some doubt whether the government has the will to do this.

Unemployment at 8.4% in Australia as retail sales fall

By Kevin Brown in Sydney

PROSPECTS of an early recovery from Australia's recession appeared to recede yesterday, as gloomy figures for unemployment and retail sales underlined the weakness of its economy.

The government said unemployment increased by 36,000 to 542,148 in January, lifting the unemployment rate from 8.1 per cent to 8.4 per cent, the highest since March 1987.

Equally worrying for the government, the participation rate, which measures the proportion of the working population who are working or seeking work, was only 0.1 points lower, at 63.8 per cent.

Some economists say unemployment could reach 10 per cent by the third quarter.

The government also said yesterday that the value of retail trade fell by 0.9 per cent in December, and by 0.4 per cent for the three months to December – only the second quarterly fall since 1965.

Analysts said the weakness of retail trade suggested that private consumption would also be negative in the December quarter. Combined with probable falls in business and housing investment, the figures indicate that private demand for the quarter may also be negative.

The one piece of good news for the government in this week's official figures is that the weak retail trade numbers support the view that the 2.7 per cent increase in the Consumer Price Index for the December quarter, announced on Wednesday, is unlikely to be repeated.

Most economists expect the annual rate of inflation to fall from 6.9 per cent to around 6 per cent by June, and to drop to little more than 5 per cent by the end of the year.

● Sydney-based journalists employed by the John Fairfax Group of newspapers, went on strike yesterday in protest against alleged editorial interference by the company's receivers. Journalists from the Sydney Morning Herald, Australian Financial Review and the Sunday Sun-Herald voted to strike until Sunday.

The dispute follows the refusal of Mr Des Nicholl, the Deloitte Ross Tohmatsu accountant appointed as receiver, to sign a charter of editorial independence drawn up by the journalists' union.

Daewoo shipyard strike ends

WORKERS at Daewoo Shipbuilding and Heavy Machinery, South Korea's second largest shipyard, yesterday ended a six-day strike after agreeing a new contract with management, John Ridding reports from Seoul.

Management accepted union demands for annual bonuses equivalent to six months' pay and for long-service allowances. Management also agreed to consult the union before disciplining workers.

Yesterday's agreement finally completed four months of negotiations between union leaders and management and resolved 132 points of contention.

The new contract will be voted on by the union membership on February 19.

Investors believe an easing of monetary policy is on the way

Japanese interest rate cut ruled out

By Stefan Wagstyl in Tokyo

MR Yasushi Mieno, governor of the Bank of Japan, yesterday ruled out any rapid move to ease interest rates despite cuts in official rates this month in the US and the UK.

Speaking at a committee of the Diet (parliament), Mr Mieno said he would continue to watch the effects of previous rate increases, the last of which occurred last August, when the central bank raised the Official Discount Rate to 6 per cent.

However, many investors believe the central bank could be starting to prepare for a rate cut. Long-term and short-term interest rates have been falling since hitting peaks last autumn.

The recent stock market rally, which extended yesterday into its eighth day, has been partly inspired by a belief that an easing of monetary policy is on the way.

Some economists have noticed subtle changes in the comments of central bank officials, who have acknowledged that high interest rates are having an effect in the financial markets in bringing down stock and land prices and reducing the growth of the money supply.

The central bank is concerned that while it has established a tight grip on the money supply, inflationary pressures in the domestic economy remain strong, especially those caused by labour shortages.

Trade unions are about to launch their annual wage offensive, seeking rises of 8-9 per cent compared with just under 6 per cent achieved last year.

Yesterday, the central bank published its monthly report on wholesale prices showing prices in January rose 2.1 per cent compared with the same month last year.

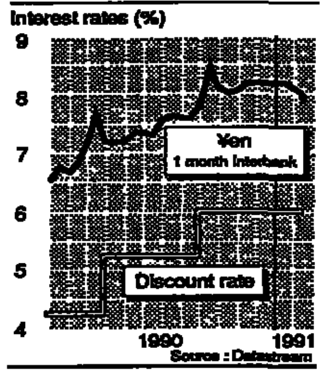
Demands for rate cuts are likely to multiply as high interest rates drive more companies into bankruptcy.

According to Teikoku Data Bank, a private research body, the number of corporate bankruptcies rose last month for the fourth month in a row. The total of 646 was 42 per cent more than in January last year. Their total liabilities were Y642bn (£2.52bn), the second highest figure on record.

The collapse of Nanatomi, a stock market and land investment group with debts of Y286bn, inflated the total.

The data bank said the number of bankruptcies involving heavily indebted companies is rising, but failures caused by labour shortages remain significant.

Japan



Children of Filipino overseas workers wear paper gas masks at a protest outside the presidential palace yesterday to demand the government relocate their fathers working in Eastern Saudi Arabia from the Gulf war zone

Legal web traps Manila sell-off

LEGAL questions are preventing the sale of 60 businesses held by the Asset Privatisation Trust, the chief counsel of the government body said yesterday, Greg Hutchinson writes from Manila.

The trust, set up in 1986 soon after President Corazon Aquino came to power, had sold 175 of the 399 assets inherited as bad debts from the state-owned Philippine National Bank and the Development Bank of the Philippines, Mr Fiorello Azura said.

The assets range from cement factories to hotels to blocks of land.

The most valuable said to be sold so far is the Nonoc Nickel mine and smelter for more than \$300m.

EUROPEAN NEWS

Germany's trade surplus down by 20 per cent

By David Goodhart in Bonn and **Andrew Fisher** *in Frankfurt*

GERMANY'S trade surplus in December fell by 67 per cent, and for 1990 as a whole by 20 per cent, despite a 21 per cent rise in weapons exports during the year.

Mr Egon Hölder, president of the federal statistics office, gave details of German weapons exports for the first time, apparently in response to the interest in illegal German exports to Iraq. He said legal exports of weapons had risen in value to DM1.8bn (£620m) in 1990, representing 0.3 per cent of total exports. Some analysts, using a broader definition of weapons, believe the figure to be much higher.

Mr Hölder said two-thirds of the weapons go to states in the North Atlantic Treaty Alliance, with Norway the biggest importer followed by Turkey, the Netherlands and France. There have been no legal weapons exports to Iraq since 1961.

The trade surplus for 1990 fell from DM134.6bn to DM107.3bn with imports, many of them destined for new customers in east Germany, rising nearly 5 per cent and exports easing 0.2 per cent.

The annual surplus for west Germany alone fell by 32 per cent to DM92.1bn, the lowest level since 1985. In east Germany, included for the first time in the official statistics, exports fell by 7.4 per cent to DM38.1bn, but imports fell by 45 per cent to DM22.9bn. About 78 per cent of exports and 65 per cent of imports are still traded with former communist countries.

According to separate figures released yesterday, industrial production in east Germany fell a further 10 per cent in December after slight *increases in the previous three* months. However, industrial orders rose 5 per cent, indicating a potential stabilisation.

Imports into west Germany from the EC last year rose 11 per cent, while exports to the EC, which account for about half of the west German total, slipped by nearly 1 per cent. Unusually high import growth rates were recorded for products in heavy demand in east Germany, such as vehicles (up by 24 per cent), machinery (20 per cent), and electrical items (12 per cent).

The current account surplus for 1990 dropped from DM104bn to DM72bn, but only the second *half of the year included* east Germany. That is a slightly sharper drop than that earlier estimated by the Economics Ministry.

■ Prices in Germany rose by 0.6 per cent in January taking the annual inflation rate to 2.8 per cent. That is a relatively steep rise for a single month, but less than the 0.7 per cent originally calculated. The annualised rate remains the same as December and is down on November's 3 per cent. The biggest increase in January was in energy and groceries.

Hungary hosts anti-Warsaw Pact summit

By Nicholas Denton in Budapest

THE leaders of Hungary, Poland and Czechoslovakia meet today in Visegrad, near Budapest, to adopt a common stance towards the dissolution of the Warsaw Pact.

Hungarian officials organising the summit say the three countries *will press for the* quick dismantling of the political wing of the pact after the proposed April 1 deadline for the dissolution of the military structure.

Earlier this week, Soviet President Mikhail Gorbachev pre-empted his east European counterparts by unexpectedly announcing, and bringing forward its dissolution by April. However, a Hungarian foreign policy expert believed that Mr Jozsef Antall, the Hungarian prime minister, Mr Lech Walesa and Mr Vaclav Havel, the Polish and Czechoslovak presidents, would have to anticipate *the possibility* that the Soviet Union might insist on the prolongation of the political wing of the Warsaw pact in return for its recent initiative. All three want the complete dissolution of the organisation by the end of 1991.

Today's trilateral summit comes as the participants try to insulate their countries from the conservative backlash in the Soviet Union, the collapse of trade within Comecon, the Soviet-led trading system, and political uncertainty in the Balkans.

The main aim was to prove the stability of the region to western governments and investors.

"We have to demonstrate that we can work together... to show that there are at least some east Europeans who don't fight each other," said an adviser to Mr Antall.

The leaders also hope to give a political impetus to talks on an "open free-trade *zone*" *to* help intra-regional trade, which fell sharply last year, and to make up for the collapse of Comecon.

The free-trade zone was "a public relations exercise" to please the International Monetary Fund and the EC about which no one was very enthusiastic, said *Mr Laszlo Csaba,* head of the influential Bridge Group of economists.

Echoing the private view of many officials that Hungary would only lose its lead by being grouped together with its neighbours, he added: "It is in our basic interest that we be *differentiated.*"

Germans remember Dresden

German President Richard von Weizsäcker at a ceremony in the early hours of yesterday to mark the destruction of Dresden in the Second World War. Mr von Weizsäcker joined 10,000 people in a march with candles to the Frauenkirche, the church in the centre of the former East German city left as a ruin to commemorate the bombing by allied aircraft that killed more than 35,000 people.

US seeks Gatt ruling on Airbus subsidies

By Peter Riddell in Washington and **David Gardner** in Brussels

THE US is seeking a formal ruling from the General Agreement on Tariffs and Trade organisation about whether the German government's support for the European Airbus programme violates *its rules* on subsidies. If the ruling is against Germany, the subsidies must be ended.

The action, though signalled in advance, dents hopes expressed only two weeks ago in Brussels that the long-running dispute over Airbus subsidies was within sight of settlement. The revival of the dispute is part of a pattern of deteriorating trade relations between the EC and the US, aggravated most of all by the row within the Uruguay Round over farm subsidies.

In announcing the lodging of a formal complaint, Mrs Carla Hills, the US trade representative, said talks to resolve the dispute had failed. She said that with no new European proposals in more than six months, and the rejection by the Europeans this week of a fresh US offer, "we must doubt the ability of the Community to reach any agreement that disciplines future subsidies".

The immediate point at issue is the Bonn government's guarantees to Daimler Benz against losses on adverse exchange rate movements. "The German programme is wholly inconsistent with the Gatt subsidies code specifically prohibiting such export subsidies," Mrs Hills said.

This is part of a broader argument about the level of government subsidies by the four participants in Airbus – Germany, France, Britain and Spain – *in view of growing* concern by Boeing and McDonnell-Douglas.

Mrs Hills' office said that, in addition to the specific complaint about currency subsidies, it was also reviewing possible action on other subsidies.

The US said yesterday the Airbus programme had received, or is committed to receive, direct government support worth nearly $20bn, putting US aircraft manufacturers, who receive no government support, at a disadvantage. The Europeans argue that the US producers are helped through large Pentagon contracts.

The latest EC proposal sought to conserve the German regime for Deutsche Airbus. In exchange, the Airbus partners undertook not to introduce any new foreign exchange support mechanisms. They also, implicitly, made it clear they would shelve their own objections to past US government support for Boeing and McDonnell-Douglas, but seek a pledge of no further indirect support.

Bonn plans for budget deficit of DM70bn

By David Marsh in Bonn

THE Bonn Finance Ministry yesterday put forward plans for a government budget deficit of DM70bn this year. At the same time, it increased pressure on federal states in west Germany to provide more funds for restructuring the east of the country.

Against the background of fast deterioration in the finances of east German states (Länder), Mr Rudolf Seiters, *chancellery minister, said that* west German Länder would have to contribute more to the costs of reunification.

The Finance Ministry said this year's DM70bn deficit would arise on budget spending of DM399.7bn, including a net total of DM80bn in spending linked to unification, and DM11bn in outlays caused by the Gulf war.

According to last year's figures – which are not fully comparable because of changes in budgetary patterns caused by unification on October 3 – the central government in 1990 registered a deficit of DM48.8bn on expenditure of DM380bn.

Last year's deficit was well *below the end-1990 estimate of* DM67bn, because of hold-ups in spending on east Germany. The draft budget is to be presented to the cabinet next week, but will retain a heavy element of provisionality because of possible tax rises.

Sweden moves to revive growth

By John Burton

SWEDEN'S Social Democratic government yesterday unveiled a broad-based business policy designed to revive economic growth as the country confronts possibly its worst postwar recession.

A programme to make the economy more competitive is already underway. Other measures have included tax reform, a planned membership application for the European Community, and a delay in shutting down nuclear reactors.

The centrepiece of the programme is a SKr100bn (£9.2bn) project to improve transport, including railways, roads and municipal mass transit systems, as well as telecommunications, particularly the mobile telephone network.

Rules limiting market competition, particularly in the agricultural sector, will be abolished or modified in an effort to bring down the inflation rate. Market-sharing in the food sector will be prohibited, while import barriers against agricultural products will be reduced. Domestic air traffic will also be gradually deregulated.

The government reaffirmed its promise to ease its tight control over foreign corporate takeovers in Sweden, explaining that rules would conform to practices within the EC. But it said it would not release concrete proposals on the issue until the spring. The government also took a cautious stance toward relinquishing control over several state utility agencies.

It said the National Power Administration, which supplies electricity, and the state forestry agency, Domanverket, will be transformed into limited companies in 1992, but they will remain under state ownership. Swedish Telecom and the state railways may also became limited companies under state control later.

■ New orders to Swedish industry fell 25 per cent in December from a year earlier and were down 18 per cent from November, Statistics Sweden said, AP-DJ reports.

Spain begins cautious descent to soft economic landing

By Tom Burns in Madrid

TORN BETWEEN easing an over-strong peseta and warding off inflationary pressures, the Bank of Spain appears to have initiated a cautious *descent towards what analysts* called yesterday a "soft landing" of the high domestic interest rates.

Treasury bills were brought down yesterday by 20 basis points to 14.32 per cent in the wake of Wednesday's decision by the Bank of Spain to shave 0.2 per cent off its base lending rate, reducing it to 14.5 per cent.

Among the reactions yesterday, Bankinter, a pace-setting medium-sized bank linked to *Banco de Santander, lopped 25* basis points off its prime rate to have it stand at 12.85 per cent and the Madrid Bolsa's rose by 2.4 points for the second day running.

The decision to ease the pressure on the peseta is dictated by what analysts *termed* "extremely strong" capital inflows in the past weeks that have pushed Spain's currency to the upper limits of the European Exchange Rate Mechanism (ERM) and put the *divergence indicator up to 70* per cent.

The capital inflows followed the lifting of a 25 per cent withholding tax on bond yields at the start of the year.

Moreover, the unions have redoubled calls for a more expansionary economic policy after a rise of more than 8,000 in the numbers out of work in January, the sixth successive monthly increase in the jobless total. This brought the total of unemployed up to *2.3m, or 15.6 per cent of the* active labour force.

Official caution over a meaningful reduction of interest rates nevertheless remains in place. It has been fuelled by a 14 per cent month-on-month money supply increase in January and by a 27 per cent surge in credit to the private sector. The consumer price index rose last month by 1.2 per cent, pushing inter-annual inflation up from 6.5 to 6.7 per cent.

"Spain is on a fork in the road," said Mr Jaime de Pinies, chief economist at Chase Manhattan's Spanish subsidiary. "Its ERM commitments point it towards a relaxation of its tight monetarist measures, but domestic considerations point to a continuing tightening of credit."

Progress in Italy's equities tax row

By Haig Simonian in Milan

DIFFERENCES were narrowed in Italy's bitter dispute over capital gains tax on equity trading during a meeting yesterday between Mr Rino Formica, the finance minister, and stock exchange representatives.

The confusion over the tax, which is now in its third version, has led to a severe drop in business on the country's stock exchanges. It has also provoked the threat of strikes by floor traders, who took industrial action last December in protest at the slow pace of bourse reform.

At the meeting, Mr Formica indicated a willingness to revise his latest capital gains tax decree, introduced at the end of January, in the light of criticisms by brokers and floor traders that it is even more complex and punitive than its predecessor. Although the floor traders have temporarily suspended their strike, Mr Tito Rainis, the chairman of the floor traders' association, said that a final decision depended on the amendments which the Finance Ministry would make.

Earlier this week, the finance committee of Italy's lower house of parliament put forward a series of modifications to make the new tax more palatable. The proposals included a reduction in the 20 and 25 per cent tax rates, and steps to soften the effect of capital gains on employees buying shares in their own companies.

Portugal prepares to resume its privatisation programme

PORTUGAL is to resume its privatisation programme which was halted last month because of the Gulf war. Patrick Blum writes from Lisbon.

Mr Miguel Beleza, the finance minister, was due to announce the programme's resumption last night at a conference in Lisbon on privatisation strategies.

The conference was organised by Lisbon's Technical University with support from the Finance Ministry. Portugal has an ambitious programme which includes the sale or partial sale of several banks, insurance companies, manufacturing groups and utilities.

Since the programme started in 1989, shares in eight companies have been sold and until the outbreak of the Gulf war many more sell-offs were planned. The programme will resume next month with the sale of shares in Alianca, an insurance company already 49 per cent privatised.

Belgians under fire on EC treaty

By David Buchan in Brussels

BELGIUM has provoked sharp disagreement among its EC partners by proposing the revision of the Treaty of Rome to include a common industrial, as well as economic and monetary, policy.

Mr Willy Claes, Belgium's socialist deputy prime minister in charge of economic affairs, last week submitted a proposal to the Inter-Governmental Conference on political union calling for the Community's competence to be extended into *industrial policy.*

His paper proposed multi-annual programmes, clarification of EC rules under which governments can aid their industries and possible recourse to "temporary tariffs designed to promote the development of high-tech industry". It got a predictable drubbing from British, German and Dutch officials who decried it as a new version of Gosplan dirigisme, but some support from southern countries.

The Belgian initiative coincides with a rather different German move, in the other IGC on economic and monetary *union, to write a preference for* privatisation into the treaty.

Massacre haunts Soviet Moslems of Tajikistan

Bitterness is mounting in an Asian outpost of Gorbachev's empire, **Jo Carley** writes

A SMALL ceremony almost took place this week on Dushanbe's central Lenin Square to mark the anniversary of last February's violent unrest in the Soviet central Asian republic of Tajikistan, when at least 25 Moslem demonstrators were shot dead by Soviet soldiers.

The families of the victims gathered in the square, hoping to lay photographs and flowers on the spot where their relatives died.

But a state of emergency is still in force in Dushanbe, and anything which smacks of an unsanctioned meeting or demonstration is banned. The moment the families laid their bundles on the wet tarmac, the articles were seized by waiting soldiers, ripped up and thrown away. The women themselves were pushed off the square, and then briefly detained.

"They told us that commemorations were forbidden – we had to forget the shooting," said one of the weeping women, whose 17-year-old son had died there.

Elsewhere in the city, the leaders of the Soviet republic's main opposition groups, the 7,000-strong Democratic Party, and Rasto-khez (Renaissance), the nationalist and anti-Communist popular front, were summoned by the chairman of the supreme soviet, Mr Kadriddin Aslanov, and bluntly told that meetings were banned.

The attempt by the Communist government to curtail commemoration of the tragic events one year ago has left the opposition groups increasingly bitter, not least since they claim the event has received scant international attention.

"When 13 Lithuanians were killed (in January) there was an international outrage. But when twice or three times as many (the Democrats claim the death toll could have been 50) were shot here by the army, hardly anyone said a thing," said Mr Shodmon Yusufov, leader of the Democratic Party. "Because we are Moslems in Asia, Europeans think we brought it on ourselves."

Furthermore, the crucial questions about the event – who organised the demonstrations, and who ordered the shooting – remain unresolved and highly controversial.

The government blames the event on Rasto-khez and the fledgling Islamic Party, *an organisation* which has now been formally declared unconstitutional. In a strongly-worded report two weeks ago, government investigators alleged that the leaders of these groups had organised the unrest as an attempted political coup to replace the present president, Mr Kakhar Makhkamov. The report also claimed that the riots were part of an attempted Islamic revolution.

Last August the government-controlled local television network broadcast the trials of some heavily-bearded mullahs, who allegedly had been plotting to establish an Islamic government.

Nevertheless, the official version of events has been accepted by many Tajiks. There is widespread belief that extremist Islamic and nationalist groups pose a serious threat to political stability, particularly since Tajikistan is offi*cially presented as one of the* poorest Soviet republics (a suggestion which ignores the booming but unmeasured shadow economy).

The republic's 50,000-strong Russian population has interpreted last year's disturbances as evidence of growing anti-Russian sentiment.

The official version of the events is angrily rejected by the opposition groups themselves. Mr Johirri Abdujabbor, leader of Rasto-khez, insists that his group did not organise the riots or demonstrations. Indeed, many in the Rasto-khez movement claim the riots were deliberately provoked by the government itself, to provide an excuse to clamp down on the growing opposition to Communist rule.

"What we saw in Dushanbe is in a pattern that was repeated in Baku, Tbilisi and now in Vilnius," said Mr Yusufov. "It is Communist Party *imperialism* which is to blame." The opposition also claims that much of the fear of anti-Russian aggression and religious extremism has been artificially whipped up by the government-controlled media.

They are now demanding that an independent human rights group should investigate the shootings.

Number of repossessed properties hits record

By John Authers

HOME LOANS institutions last year repossessed 43,890 houses – almost three times more than in 1989 and the most since records began in 1979.

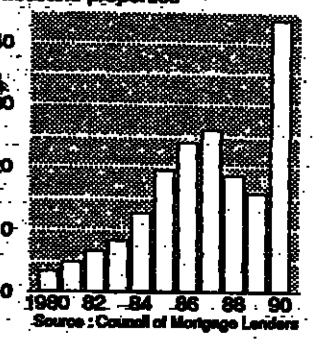
Repossessions accounted for 0.47 per cent of all home loans, known in the UK as mortgages. The number of property buyers with mortgage arrears of more than 12 months also rose sharply, from 13,480 in 1989 to 36,100 in 1990.

The Council of Mortgage Lenders (CML), which announced the figures yesterday, said high interest rates and the slumping property market were to blame.

Mr Mark Boleat, director general of the CML, said: "High interest rates of themselves create severe difficulties for many borrowers while adding to the pressures faced by those with other problems."

Mortgage repossessions

Thousand properties



Source: Council of Mortgage Lenders

Higher interest rates and stagnant house prices, which ruled out selling the house as an attractive option, forced some of these people into surrendering their house.

Surveys by lenders show that arrears problems have mostly hit young professionals in the south-east, but are now spreading throughout the country.

According to the Lord Chancellor's department, the biggest rise last year in legal actions concerning mortgages was in London, where the number of cases increased by 110 per cent to 17,452.

In the rest of England and Wales the average increase in court cases was 63 per cent.

UK ECONOMY

Inflation proves stubborn as unemployment climbs

By Rachel Johnson, Peter Norman and Peter Marsh

UNEMPLOYMENT in Britain rose by 46,200 to 1.9m in January amid signs that the recession is taking longer to squeeze inflation out of the economy than expected.

A raft of official figures and the Bank of England's latest quarterly bulletin provided the government with clear evidence that high interest rates were pushing the economy further into decline.

They also showed that recession has yet to curb high wage settlements which threaten to undermine the government's priority of bringing down inflation.

With the news of unemployment's tenth consecutive monthly rise came evidence of of sharp cuts in manufacturing investment and output.

Government figures showed that investment slumped by 15 per cent in the last quarter of 1990 compared with a year earlier.

Manufacturing output in the final three months of last year dropped by 3 per cent compared with the previous quarter, the biggest rate of decline since early 1981.

Last month, Britain's unemployment rate rose to 6.6 per cent from 6.5 per cent in December, according to Department of Employment figures.

Without adjustment for normal seasonal variations, the jobless total reached 1.96m after a rise of 109,366 in January, the largest monthly increase for five years.

The department said the underlying growth in unemployment was around 60,000 a month.

Unemployment in Britain is widely forecast in the City to reach at least 2.5m by the end of this year.

Other employment department figures released yesterday pointed to continued strong wage inflation.

The underlying increase in average earnings across the whole economy was 9.75 per cent in December, unchanged for the third consecutive month. With many pay settlements this year clustering above 10 per cent, City economists expect average earnings to rise even higher in January.

Mr Michael Howard, the employment secretary, warned that the UK's unit wage costs in manufacturing were rising faster than those of international competitors.

Falling productivity and rising average earnings pushed unit wage cost growth over the year to December to 12.5 per cent from November's 11.6 per cent – the highest for ten years.

The Bank also warned that a sharp downward adjustment in pay settlements was needed for Britain to avoid further losses in competitiveness and additional increases in unemployment.

So far, the Bank said, there was little concrete evidence that pay settlements had adjusted to the new regime of full EMS membership or that the recession had any significant effect on earnings growth and underlying inflation.

Although the Bank said the recession was worse than expected, it did not expect it to be very deep or long.

There were no worries in Threadneedle Street that Britain is facing a 1930's style depression.

On the other hand, the Finance Houses Association, whose members lend to industry and consumers, said the worst of the recession was still to come. It said defaults on loans were growing and that lending had declined sharply in the last three months.

● There was fresh alarm in the UK motor trade as it became clear that new car sales so far in February have fallen to a level nearly 40 per cent below those of a year ago. Sales of light commercial vehicles are even harder hit, running at nearly one half of the year-ago.

Ironically, the new worries coincided with statistics released by the Society of Motor Manufacturers and Traders yesterday showing that UK car production last month was up 8.3 per cent, as a result of sharply rising exports.

Lex, Page 18

Germany's partners face dilemma

By Peter Norman, Economics Correspondent

ECONOMIC developments in Germany and the weak dollar exchange rate could pose an awkward dilemma for Germany's partners in the exchange rate mechanism (ERM) of the European Monetary System, the Bank of England said.

In its latest quarterly bulletin, the Bank said the other ERM countries might have to strive for lower inflation than Germany if the EMS is to adjust to the pressures caused by German unification.

In the conditions of a floating exchange rate system, the increased demand and high fiscal deficit triggered by German unification might have been expected to lead to a nominal appreciation of the value of the D-mark as a mechanism of transferring demand from Germany to the other ERM countries, the Bank said.

Because there is a determination to avoid currency realignments in the ERM, "the necessary real adjustment would then call for lower inflation in Germany's partners than it experiences itself," the Bank said.

The Bank said that Germany's projected fiscal deficit of around 5 per cent of gross domestic product this year should be supportable. But it warned that it is "especially important" that the German government achieves its announced DM35bn of expenditure cuts and keeps the deficit within acceptable bounds.

Hinting that any other course might result in higher German interest rates, the Bank said: "Otherwise the growing deficit would imply that a further part of the burden of containing inflation be borne by monetary policy."

BRITAIN IN BRIEF

Tories split on plans to alter poll tax

Government efforts to replace or overhaul the community charge, or poll tax, have stalled amid growing evidence that there is no consensus among either ministers or Conservative MPs on an alternative system of local government finance.

Ministers involved in the review of the tax announced in December by Mr John Major, prime minister, see no significant progress.

Mr Michael Heseltine, environment secretary, charged with making the poll tax more acceptable, has put forward a number of suggestions since his appointment as Environment Secretary, but all have run into strong objections from other Whitehall departments, most notably the Treasury.

Michael Heseltine: Whitehall departments objected to ideas on poll tax reform

Hopes within the Department of the Environment that a reduced flat rate charge could be combined with a property-based tax have run into strong objections from the Treasury, with one insider describing the plan as an "administrative nightmare."

Action urged on outpatients

Positive management action could lead to significant efficiency gains in National Health Service outpatient services, according to a National Audit Office report.

Large variations in the time patients wait for their first routine appointment are shown in a NAO survey in the report. These range from 1-5 weeks at St James's University Hospital, Leeds, to 16-22 weeks at Chester Royal Infirmary.

Once patients reached the hospital, says the report, waiting times were a "significant problem." The average waiting time was 30 minutes or less in 53 per cent of the clinics surveyed and patients had to wait more than an hour in 7 per cent of clinics.

Nine community forests planned

Nine more community forests to be developed near major urban areas have been announced by the government as part of a joint initiative by the Countryside Commission and Forestry Commission.

The new forests will be near Bedford and South Hertfordshire north of London, Bristol and Swindon in the west, Cleveland and South Yorkshire in the north-east, Manchester and Merseyside in the north-west and Nottingham in the Midlands.

Labour fails to halt arms aid

The opposition Labour party has failed to in an attempt to prevent companies exporting arms to politically-unstable regimes being offered government insurance to cover the deals.

Trade spokesman Ms Joyce Quin told the committee on the Export and Investment Guarantees Bill that last year equipment which could be used for military purposes was exported to Iraq with insurance from the government's Export Credit Guarantees Department (ECGD).

But Trade Minister Tim Sainsbury said that the department had no role in export controls and that the important control was the licensing of military exports.

BT's relative prices rise

The price of British Telecom's services increased compared with those of France and Germany over the past year, according to figures published by Oftel, the regulatory body.

However, Oftel notes that the company's position has improved relative to that of Italy.

Between August 1987 and January 1991, France Telecom's prices have fallen relative to BT's by over 20 per cent and the German Bundespost Telekom's prices by over 10 per cent.

The opposition Labour party has called for British Telecom's pricing policy to be referred to the Monopolies and Mergers Commission, the monopolies watchdog.

Changes plan for Channel 3

The independent Television Commission is to recommend ITV companies to appoint a central scheduler, who would control a budget of more than £450m, to co-ordinate network programming for Channel 3, as ITV will be known when the new licences come into force in 1993.

Until recently the ITV network schedule was dominated by Thames, LWT, Central, Granada and Yorkshire, which were guaranteed the right to sell programmes to the network. Smaller companies complained about the system. It has since been modified and the network schedule is now drawn up by representatives of 10 ITV companies.

Minister imposes export ban on Constable painting

Mr Tim Renton, the Arts Minister, has imposed a temporary export ban on "The Lock" (pictured above), one of John Constable's most famous paintings. An art gallery or museum in the UK has until April 7 to raise the £10.9m now needed to keep the painting in the UK.

"The Lock" shows a scene on the River Stour in Suffolk, eastern England. The painting was sold at Sotheby's last November for £9.8m to a Sotheby's director, Baron Thyssen, who intended to add it his collection in Lucerne, Switzerland.

Washington irritated by traffic dispute

British Airways defies US ban on Atlantic fare cuts

By Paul Betts, Aerospace Correspondent

BRITISH AIRWAYS yesterday announced additional fare cuts on North American routes, defying US government attempts to stop it offering sharp discounts on some of its transatlantic fares.

BA is cutting its summer season 30 days advanced purchase (Apex) return fares by a third from all UK airports on 25 routes to the US and Canada. Earlier this week it announced similar reductions on Apex return fares for passengers travelling from the US to the UK.

Mr Samuel Skinner, US transport secretary, on Tuesday blocked BA's transatlantic discounts throughout the summer season, allowing the airline to offer its cheaper fares only until the end of April.

The BA discounts sparked off a transatlantic fares war with US and other European airlines matching or increasing the BA cuts. Mr Skinner also blocked US carriers from offering cheap fares after April 30.

BA said the new cheap UK fares were filed with the British Civil Aviation Authority yesterday. Subject to CAA approval, they will be on sale from today.

"We are expecting full approval from the CAA and the US authorities on the basis that these fares are in the consumers' interest and solely designed to stimulate demand during a time of downturn," BA said.

Mr Skinner's decision to block the discounts beyond April 30 reflects the US government's increasing irritation over its failure to secure UK approval to transfer Pan American and TWA landing rights at London's Heathrow airport to United Airlines and American Airlines.

Skinner: 'to go extra mile'

Mr Malcolm Rifkind, the transport secretary, said he had been surprised by the US decision. It was "perverse" for the US authorities to link air fares with negotiations over Pan AM and TWA Heathrow landing rights.

Mr Skinner said yesterday that he was prepared "to go the extra mile" to settle the dispute with the UK by holding talks with Mr Rifkind.

"I think the time will come in the not so distant future when he and I will sit down side by side and hopefully work this out," Mr Skinner said.

Warning on aviation security

By Jimmy Burns

SECURITY in the aviation industry is underfunded, has not kept pace with technology, and remains at a "grave disadvantage" in the face of the threat of terrorism, a spokesman for the British relatives of victims of the Lockerbie disaster said yesterday.

Dr Jim Swire has undertaken extensive research into all aspects of aviation security since his daughter Flora was among 270 people killed when a bomb exploded aboard a Boeing 747 bound for New York over the Scottish town of Lockerbie.

He was speaking at the end of a four month fatal accident inquiry in Scotland into the disaster by Sheriff Principal John Mowat QC who is expected to produce his report by early next month.

Its brief is to reach a finding on the immediate causes of the disaster and any "reasonable precautions" which may have avoided it.

Dr Swire said British airports were among those worldwide which did not operate the kind of high-technology X-ray equipment capable of detecting a "Lockerbie-type bomb".

In the UK , only Gatwick was currently undergoing trial tests with the US-made TNA X-ray machine. This is designed to detect explosives by "bombarding" baggage with low-energy neutrons and identifying the signatures emitted by the nitrogen and hydrogen in explsive chemicals.

According to Dr Swire the doubling of budgetary resources on aviation security spent by Britain since the Lockerbie disaster remained an insufficient sum for the extensive research and development needed to effectively counter the terrorist threat.

Labour's united front on Gulf under pressure

By Ivo Dawnay, Political Correspondent

MR NEIL KINNOCK, the opposition Labour party leader, yesterday adamantly refused to qualify the party's support for the UN allies' bombing strategy in the Gulf war despite clearly expressed doubts by three front benchers.

Yesterday, officials insisted that the shadow cabinet had given unqualified backing to Mr Kinnock's statement on Wednesday that came shortly after news of the Baghdad air strike that left tens if not hundreds of dead.

This had expressed deep regret at the casualties but none the less reaffirmed confidence that the allies' air campaign was concentrating on military targets.

In BBC radio interviews yesterday, however, both Mr Robin Cook, the party's health spokesman, and Ms Joan Ruddock, a junior transport spokesman, called for a review of the bombing strategy.

Mr Cook told an interviewer: "It may be the time has come to ask whether all the bombing runs deep into Iraq are really necessary.

"Is it really necessary to blow up every power station, water supply, every bridge to get the troops out of Kuwait?" he asked, adding that some targets were "at least ambiguous".

Mrs Ruddock, a former chairman of the Campaign for Nuclear Disarmament, said there was growing unease among Labour MPs over the leadership's total backing for the government in the conflict.

The bombing war was going "quite beyond what the United Nations intended," she said.

Similar sentiments were also voiced by Ms Clare Short, the social security spokesman,

But while unease is growing in the Labour party, some front benchers have expressed equal irritation that some of their colleagues are breaking ranks.

One said yesterday: "It is all very well for Joan to wring her hands in public, but the rest of us – including Neil – are just as agonised about the war and the casualties.

"If she has an alternative to our policy she should say so, if not she should shut up."

Opponents of the party leadership were also dismissive arguing it would take considerably more civilian deaths before an outright revolt might be mounted to change Labour policy.

Party officials, meanwhile, have been attempting to clamp down further on front benchers defying the party line.

The BBC has received complaints that spokesmen called to discuss issues within their portfolios are being asked about the Gulf.

Journalists claim, however, that some Labour doubters are, in fact, using interviews on other topics as an opportunity to voice publicly their dissent.

● MR PETER Brooke, Northern Ireland secretary, yesterday gave the strongest hint so far that he will wait only a little longer before abandoning efforts to start talks on the province's political future.

Amid increasing gloom about the initiative he started more than a year ago, Mr Brooke said: "Talks about talks" were nearing a conclusion. Considerable political will, he added, would be required for success.

FT CONFERENCE – INTERNATIONAL BANKING

State ownership poses obstacle to single market

By David Lascelles, Banking Editor

STATE OWNERSHIP of banks in certain EC countries represents a potential obstacle to the evolution of the single market because it limits competition, a senior Bank of England official said yesterday.

Mr Brian Quinn, the Bank's executive director in charge of supervision, told the FT's international banking conference in London that state ownership could protect banks from takeover and distance them from the normal discipline of the market place. It also influenced their business objectives.

Mr Quinn was speaking in the wake of government attempts to block acquisitions by foreign state-owned companies on competition grounds.

Although Mr Quinn did not refer to specific cases, he said EC governments would have to accustom themselves to the idea of loosening national control over their banking systems if the single market was to evolve.

Quinn: protection warning

Dr Wolfgang Rieke, head of the international department of the Bundesbank, said the process of monetary union in Europe might take longer to prepare than people expect.

A premature locking of exchange parities within the EC would be unwelcome as much for countries with low inflation as those which were less advanced economically.

Mr Jean-Yves Haberer, chairman and chief executive officer of Crédit Lyonnais, one of the French state-owned banks involved in the UK government moves, said his bank aimed to become a widely diversified German-style universal bank within the Community.

A bank needed to have at least 1000 people in another EC country to achieve critical mass, he said.

But Mr André Lévy-Lang, chairman of the management board of Paribas, said concerns about conflicting interest and concentration of risk would limit the scope for universal banking.

He claimed the investment banking side would remain a specific segment with special organisations and staff.

Haberer: plans to diversify

The single market will lead to some diminution in London's share of the EC financial services market, according to Mr Anthony Loehnis, vice chairman of S.G. Warburg & Co, but its traditional strengths and hospitable atmosphere would ensure that it remained the centre of Europe's wholesale international banking and securities markets.

In Japan, a leading pre-occupation is with strengthening of the banking system, according to Mr Toru Kusukawa, deputy president of the Fuji Bank.

He told the conference it was essential to have healthy and efficient capital markets to avoid a vicious circle in which banks could not recapitalise themselves, leading to further difficulties.

Mr Thomas Labrecque, the new chairman of Chase Manhattan, said that the air of doom and gloom over the US banking industry had obscured the beginnings of a fundamental renewal, characterised by structural changes and a major initiative to reform banking regulation.

Levitt seeks talks on insurance

By Raymond Hughes, Law Courts Correspondent

AN "important and exciting" development had come to light in relation to the collapsed Levitt financial services group, Bow Street magistrates court was told yesterday, when Mr Roger Levitt, the group's founder, was remanded on bail until May 9 on £665,000 theft charges.

Mr Jonathan Goldberg, QC, for Mr Levitt, said a professional indemnity and fidelity insurance policy had been discovered which might mean that nobody would lose as a result of the collapse.

"Contrary to uninformed press speculation," Mr Goldberg said, the actual losses to date were probably no more than £5m.

Mr Goldberg was asking for one of the conditions of Mr Levitt's £500,000 bail to be altered to enable him to discuss the policy with two of the group's directors.

He said the policy with the Excess Insurance Company had come to light in the past few weeks. Its effect was that all losers might well have a claim of up to £2m each for their losses.

Excess Insurance Company, now called London & Edinburgh Insurance Group, yesterday referred inquiries about the policy to its London solicitors, Fishburn Boxer.

Mr Clive Boxer, the senior partner, said the policy had been taken out with effect from January 1990. Not all the premiums that should have been paid had been paid regularly.

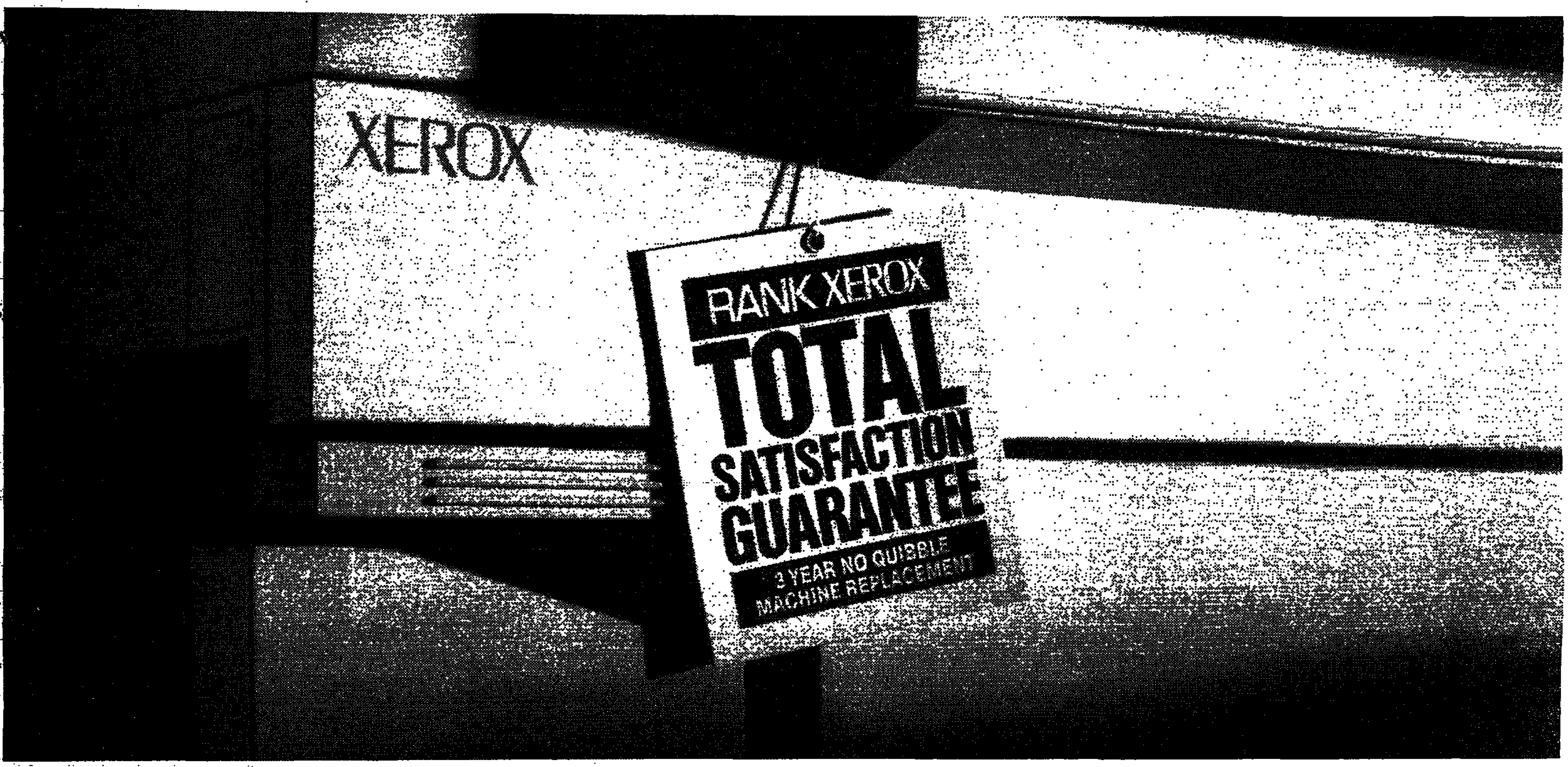
Investors, Mr Boxer said, "should not assume that any claims they may have will entitle them to indemnity from the insurers."

After the hearing Mr Geoffrey Goldkorn, Mr Levitt's solicitor, said Mr Levitt would "be saying he is an honest victim of the recession, not a dishonest victim, that he has lost everything personally and is not guilty of any fraud."

Mr Levitt arriving at court

RANK XEROX

It's not only our machines that are years ahead of our competitors.



Rank Xerox machines have one feature that no other company has ever dared to copy.

A three year total satisfaction machine replacement, no quibble guarantee.

It applies to all our machines installed after November 1990, with a service agreement.

And it means that if you're not satisfied with a machine for any reason, we'll replace the machine completely, at no charge to you whatsoever.

We believe it says a great deal about our company. (As do the many awards that we've won for quality over the last few years.)

And in these times of economic uncertainty it is very reassuring to know one thing.

At least one company is confident enough to guarantee an extremely important part of your business for the next three years.

If you like the idea of an office where efficiency is guaranteed call Kim McTier on 0800 010 766, or send the coupon to her at Rank Xerox (UK) Ltd, Uxbridge, Middlesex UB8 3BR.

And we'll come to see you. Guaranteed.

NAME ______ 2674
POSITION ______
COMPANY ______
ADDRESS ______
POSTCODE ______
TELEPHONE NUMBER ______
ARE YOU AN EXISTING RANK XEROX CUSTOMER? YES/NO ______
TYPE OF INDUSTRY ______

RANK XEROX
The Document Company

TECHNOLOGY

Lynton McLain asks whether optical computers can ever compete with conventional machines

Silicon chased by the speed of light

Using light instead of electricity to process and transmit information has for years been considered heir to the silicon circuit's throne. Only recently, however, have computer, telecommunications and electronics companies begun to realise that the chip's reign may be coming to a close.

Research into optical computing has been stimulated by the constraints faced by electronics companies trying to squeeze more performance out of silicon circuits. AT&T, the US telecommunications company, says a limit of 1,000m components on a silicon chip is likely to be reached by the year 2000. Current chips have a maximum of about 10m components.

Few companies pretend that optical technology is close to equalling the current capability of a silicon chip computer. Conventional computers are based on mature technology that has been manufactured and sold on a large scale for many years: optical computing is in its infancy and for the most part is still in the research laboratory.

"There is no such thing as an optical computer as a layman would understand it, but as a research and development person, I would say that we have constructed an optical computer," says Andrew Walker, professor of modern optics at Heriot-Watt University in Scotland.

Last year both Heriot-Watt and AT&T built what they said were the world's first optical processors. Heriot-Watt's machine employed optical logic devices – which use light instead of electricity to process information – to guide fine beams of infra-red laser light.

Alan Huang, head of optical digital computing research at AT&T Bell Laboratories, says that AT&T's optical processor is at the level of complexity necessary to be capable of running a washing machine. He says the processor is a step towards an optical computer, but "the way forward is likely to be a marriage of electronic and optical components operated by light. We are now able to give electronics the capability of dealing with light and vice versa".

Optical computing is based on optical processors which are made up of components that are effectively switches (see below). These switches are the optical counterpart of transistors in electronic-integrated circuits, but they operate faster and with greater data-handling capability than electronic circuits. AT&T says that optical processors could handle 1,000 times as much information as electronic computers.

The use of light offers the prospect of ultra-fast sequential and parallel processing at speeds unmatched by electronic computers. Light offers parallel interconnections between more than 10m points of light in a single beam, which means that millions of different streams of information can be processed simultaneously, opening up massive parallel processing of information.

Computer makers and researchers are divided, however, on the potential of optical computing. IBM is doubtful that general-purpose optical logic will become competitive with microelectronics in the foreseeable future. But Walker says that "we have already proved that some of IBM's pessimism is unjustified".

Des Smith, professor of physics at Heriot-Watt, says "optical computing could revolutionise the real-time processing of images, a demanding task for conventional computers". He believes that optical computers will be used primarily for carrying out non-arithmetic tasks – such as the processing of pictures and speech – rather than for number-crunching arithmetical ones.

"We see a whole host of non-arithmetic tasks, such as those with constant references to computer memory, including image processing, which could be done better by optical computers because of their very rapid access to memory," says Smith.

Optical computing could be especially useful to speed up processing where vast amounts of data are involved, as in engineering analysis, financial modelling, speech and vision recognition and weather forecasting.

Although optical computing is advancing slowly, the combination of electronics and optical technologies are already proving valuable in conventional computing. Smith is leading research at Heriot-Watt, Edinburgh, St Andrews, Strathclyde and Glasgow universities under the Scottish Collaborative Initiative in Optoelectronic Sciences. The initiative has just been awarded £1m by the Science and Engineering Research Council for research.

A short-term prospect is for optical devices to be combined with electronics in optoelectronic devices, which will be a "strategic, enabling technology well into the 21st century," says Smith. A combination of optics and electronics in a single computer could help overcome the speed-restricting resistance of silicon chips.

Work in Japan has focused on making hybrid semiconductor optoelectronic devices, used for precise control of optical and electronic systems.

The merging of electronics and optics is also evident in the US. AT&T has a tiny laser that can link electronic circuits and flat optical lenses for switching optical and electronic systems, such as in telecommunications and optical storage. These tiny lasers could become commercial products in about six months, says Huang. Two million lasers could fit on a fingernail.

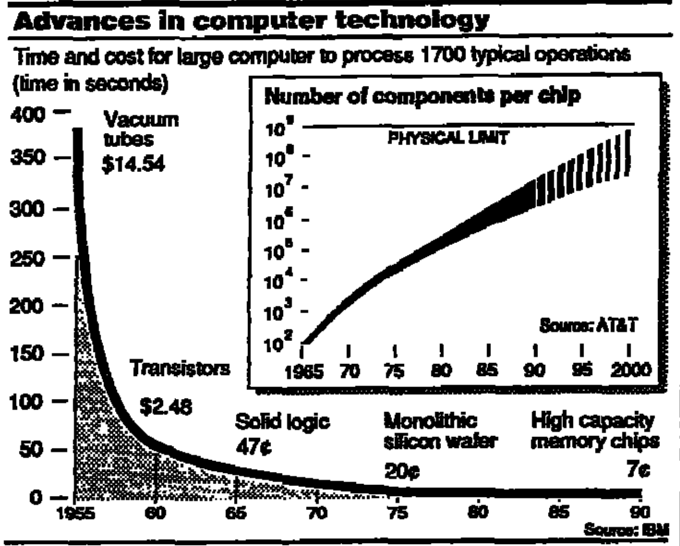
These devices are grown as layers of crystals, one atom at a time, says Huang. "We can make one layer behave optically and another behave electronically." These optoelectronic devices are potential bridge builders between conventional electronic silicon chip computer technology and optical processors.

IBM expects optoelectronics to play an important role in optical communications and optical storage, the main areas where the company is concentrating its effort. The latest mainframe computer from IBM, the Enterprise System/9000, is the first from IBM to use a fibre optic link. This gives the computer the potential for longer links within a network with no loss of signal. IBM is also working on exploratory optical technologies that could be the basis of further hybrid optoelectronic devices. ICL uses fibre optics to link processors inside computers.

The University of Arizona and the Optics Institute in Paris are also working on optical technology. In Japan more than 40 companies are looking into the benefits of optical computing, including NEC, NTT, Mitsubishi, Seiko Electronics and Fujitsu. Research is also being done by the universities of Tokyo, Osaka, Hiroshima and others with backing from the government, and at the Optoelectronics Technology Research Laboratory, Tsukuba.

Today's optical processors are controlled by electronic computers but eventually a program language will have to be found to handle the parallel processing capability of optical computers. Until these and other obstacles are overcome optical computers are unlikely to make the leap from the development lab to the data processing room.

Advances in computer technology



Conventional computers are based on silicon chip-based transistors which act as electrical switches.

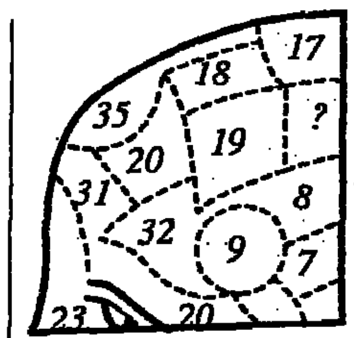
In the binary code underlying computer logic, a switch turned "off" can represent 0; "on" can represent 1.

Optical computing uses the same principle, but in place of silicon transistors the "on" and "off" devices are slices of special materials which form optical transistors.

Unlike the glass in spectacles or windows, which bends light in one precise way determined by the refractive index of the glass, in optical transistors the refractive index varies according to the intensity of light.

This effect can be used to give the device two distinct and stable transmission states for one particular intensity of light. The device can be switched between these "on" and "off" states by other optical inputs.

Laser beams are used in place of electricity to power and connect these devices. The laser illuminates the optical transistors so they exhibit their two stable transmission characteristics, representing "on" and "off", 1 and 0.



WORTH WATCHING

by Della Bradshaw

Barcodes expand their horizons

SIMPLE bar codes appear on everything from tins of soup to soap powder. But there are now moves to develop the barcode so that it can carry much more information.

Symbol Technologies, of Bohemia, New York, is hoping *to get its two-dimensional* barcode – which is read up and down as well as from side to side – accepted as an international standard. One advantage of the Symbol code is that it can be read using the scanning equipment already in use – only the de-coding software has to be changed.

The new symbology, dubbed PDF 417, could carry more than 1,000 characters per square inch – compared with today's barcodes which contain less than 20 characters. This would make the new code ideal in transportation and shipping, where one symbol could contain information on the contents, source and destination of a product.

● Two companies from York have developed a chemical labelling system to help manufacturers track down outlets which sell counterfeit goods.

The labelling system involves developing antibodies to specific chemicals. A characteristic of antibodies – the biological molecules which are generated in the body as a response to infection – is that they are highly specific, reacting to each infection or foreign substance differently.

William Sessions and Biocode have exploited the variety of antibodies to develop a labelling system with near limitless capacity. Each company would have a unique label – possibly for each different product, making counterfeiting difficult.

To use the anti-counterfeit label, an invisible chemical marker is printed on the product or packaging. When treated with a reagent incorporating the antibody the label becomes visible.

Software ready for field-work

COMPANIES that rely on their sales or service staff gathering information in the field often need special computer software on hand-held rugged computers to help them complete the task.

To speed up the process of writing such software, Husky Computers, of Coventry, has teamed up with Software Products International, *of Pangbourne*, Berkshire, to develop a fourth-generation programming language and relational database system for writing hand-held computer applications. The software works on the Husky Hunter16 hand-held machine, which weighs just over 1kg and is the size of a paperback book.

The software should enable corporate data processing departments or Husky's own software centre to develop software in days rather than weeks.

Clean water bags design award

A METHOD of giving children in poor countries clean water has won the Toshiba Year of Invention top award organised and announced by the Design Council, writes Lynton McLain.

The "oral rehydration system" could save millions of lives and has a huge potential in the travel market, according to the two microbiologists who invented the technique and are selling it through their company, Hampshire Advisory and Technical Services.

The system is based on a sealed bag containing a dry mixture of salt and sugar. This is attached to a sterile mouthpiece containing a dialysis membrane. When immersed in potentially infected water, osmosis draws the liquid into the bag but the membrane excludes all viruses, bacteria and toxins. This leaves a sterile and safe drinking solution.

Database is put into the picture

DATABASE packages which run on personal computers are widespread, but the latest database, from Business Simulations, of London, allows companies to store pictures as well as text on computer files.

Picture Cardbox, based on the Cardbox-Plus database program, could be used for storing signatures, for signature verification, or employee photographs to ensure security in buildings as well as for parts catalogues, files of press cuttings or pictures of exhibits from museums or galleries.

The picture is fed into the PC using a scanner, video camera or video generation software. It is then compressed using a technique similar to that used by communications companies to compress images for video-conferencing – if there is a block of a single colour, for example, not every picture element will be stored, just a code to represent the area.

To ensure information can be called from the database quickly, the pictures are stored in a separate file from the text. Once the program has selected the correct textual file, the appropriate pictures are then called up too.

From aeroplanes to aquariums

THE uncertain future of the aerospace industry is forcing many aeroplane manufacturers to diversify. But few diversifications are as strange as that of Aerostructures, of Hamble, Southampton, formerly British Aerospace, which is now making acrylic structures for shark-ridden aquariums.

Aerostructures' more usual task is to manufacture the windows or canopies for pilots' cabins in airliners. Now, in conjunction with Sea Life Centres Technical, of Dorset, the company is using its huge industrial ovens to bend sheets of acrylic to make tunnels to be submerged in aquariums. The tunnels enable visitors to see marine life – particularly sharks – at very close quarters.

Contacts: Symbol Technologies: US, 516 563 2400. William Sessions: UK, 0904 659224. Husky Computers: UK, 0203 668181. Hampshire Advisory and Technical Services: UK, 0703 786555. Business Simulations: UK, 071 925 8638. Sea Life Centre Technical: UK, 0202 898 289.

THE PROPERTY MARKET

Japanese take the long-term view

By Michiyo Nakamoto

AS MORE and more banks in Europe and the US retreat from the UK property market under the strains of bad debts and the deepening recession, the property industry's fear has been that the Japanese would be the next to bow out.

After rapidly expanding their involvement in the UK real estate market, Japanese banks are being forced to slow down under the pressures of falling assets and higher interest rates in Japan. The huge life insurance companies also face growing demands for funds at home coupled with a sharp fall in insurance income.

Yet despite the gloomy outlook the signs are that while activity has fallen, the Japanese are set to play a continuing role in property investment in the UK and increasingly in continental Europe as well.

Interest in UK real estate is still strong among Japanese life insurance companies, which have invested about £600m in central London office buildings in the past two years, and has been growing among corporations keen to secure a European foothold ahead of the Single Market in 1992.

Yet Japanese financial institutions have not been immune to the financial turbulence that has hit the world's leading economies. Japanese banks, which have seen their asset values trimmed by a 40 per cent fall on the Tokyo stock market, have become increasingly cautious as a growing number of dodgy property loans have cropped up on their books both at home and abroad. They are also nervous about a looming fall in Japanese property values which could further reduce their asset values.

Given the deteriorating state of the UK property market and the recent criticism directed at banks for supporting the latest property boom and bust, it is not surprising that many Japanese banks express measured enthusiasm for property financing in Britain.

"We cannot be aggressive in this market," says Mr Mitsuru Takaoka, joint general manager at Sanwa Bank's London branch. "We will look at property loans on a case-by-case basis." Some banks now openly admit to be scaling back their real estate involvement. Recently, UK borrowers have reported increasing difficulty in obtaining Japanese finance.

Yet true to the Japanese corporate style, even the more pessimistic profess a long-term commitment to the real estate market. "It is odd for institutions to change their policy about something as important as property financing just because of a year or two of difficulties," says Mr Tadashi Natori, general manager at the Industrial Bank of Japan's London office.

Japanese bank lending as a proportion of new lending to the UK property sector surged from 5 per cent in 1986 to more than 14 per cent in 1989, according to Debenham Tewson & Chinnocks, the surveyors. Loans outstanding on commercial property increased from £140m in 1985 to nearly £4bn by 1990, Debenham says.

The net increase of lending by Japanese banks made on earlier commitments was 41 per cent in November year-on-year. This was by far the largest increase in that period among all bank groups, and compares with a net increase of 18 per cent for US banks and 23 per cent for all other overseas banks combined.

The total amount outstanding of Japanese bank lending to property companies in the UK was £4.07bn in November, compared with £2.71bn for US banks.

Several Japanese banks still express a keen interest in building up their property loan books. "We aim to be a major player on the property market," says an official at Mitsubishi Bank's London branch. "On the medium to long-term we have no intention of reducing our property lending and depending on the circumstances, we will even be very active in this respect."

Japanese bankers give several reasons for their interest in UK property lending. For example, margins of about one per cent to 1¼ per cent over the London Interbank Offered Rate, can be nearly double that on sovereign loans.

One Japanese banker in London says his branch was cutting back on less profitable UK corporate financing and building up its special finance department, which includes property finance, and was the leading contributor to profits.

At the same time, many Japanese banks say they have not been as hurt by bad debts as their US or UK counterparts.

"Japanese banks have been even more selective in their property lending than in Japan," says Sanwa's Mr Takaoka. Most banks claim they have been particularly careful to ensure that there is a secure cash flow backed by pre-committed tenants.

Some of the smaller Japanese banks have shown interest in property financing as a relatively easy field for a newcomer to enter, says one consultant who has recently been asked by a number of regional banks to advise them on the UK real estate market.

The level of their activity in the UK will depend on how their parent banks fare amid mounting problems at home. However, many regional banks with representative offices in London have been waiting for years for a license to open a branch, and say there are no imminent changes to their plans.

The Bank of England, meanwhile, has curbed any undue enthusiasm by instructing the banks to keep their real estate loans within a fixed proportion of overall lending.

Both banks and securities companies are eager to increase business in the securitisation of property assets, such as the packaging of mortgages for sale on the securities market.

Stronger interest in real estate investment may yet be an attraction for the still relatively cash-rich insurance companies and corporations which see the UK as a convenient stepping stone into the continental market ahead of 1992. Japanese institutional funds contributed 36 per cent to total institutional purchases last year, according to Debenham Tewson Research.

Several large Japanese insurance companies admit that they have more or less exhausted buying opportunities in the US and are now turning their eyes increasingly towards the UK and continental Europe. The absence of the kind of antagonism towards Japanese investment seen in the US and Australia also makes investment in Europe more attractive.

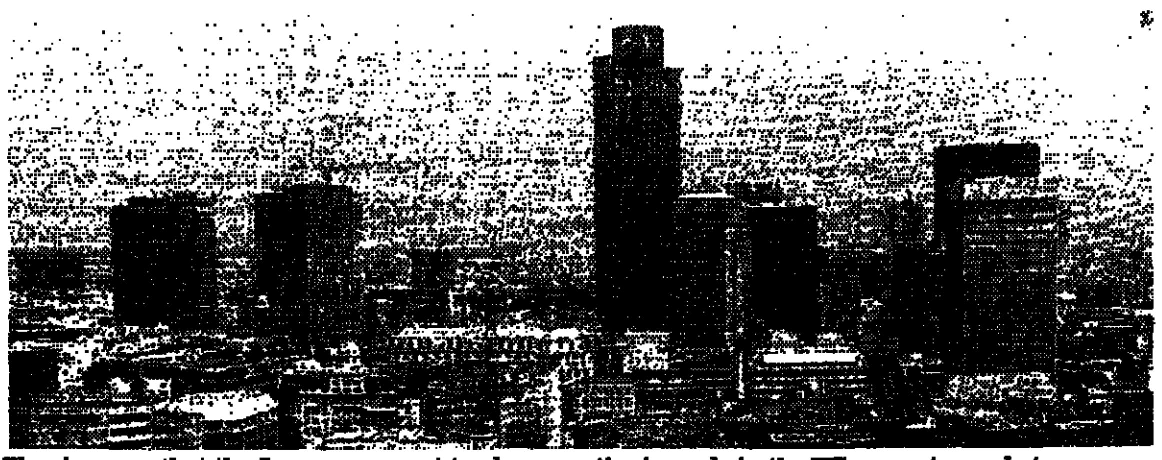
Despite falling insurance income in Japan the life insurance companies are not likely to change their long-term commitment to overseas property investment, says an official at a leading Japanese life insurer.

Last year, Sumitomo Life Insurance made one of the largest investments in real estate by a foreign institution in the UK, when it bought a 52.5 per cent stake in the new JP Morgan headquarters in Victoria Embankment for £220m. Meiji Life is also considering a big investment in London.

Japanese corporations could likewise step up involvement in property development as a means of diversification. "Some of the Japanese corporations remain quite healthy and have good reasons to expand their corporate presence here," says Mr Alan Froggat, a partner with Richard Ellis, the chartered surveyors.

Matsushita Electric, for example, is participating in a £300m joint office building development project in London's High Holborn. Saison group, the retailing and leisure conglomerate which owns Intercontinental Hotels, has formed a joint venture with Hambro Countrywide, an estate agency, to provide advice to Japanese investors in UK commercial property markets.

The grim economic outlook and fears of a further drop in domestic property values has cast a dark shadow on the future investment prospects of the Japanese in UK property. But as one Japanese banker put it, "as long as the City remains the financial centre that it is, there will be continuing need for modern, high-tech buildings, which means continuing opportunities for investment in real estate."



The signs are that the Japanese are set to play a continuing role in the UK property market

TOTAL RETURNS (%)

	Retail	Office	Industrial	All Properties
Year to Dec 90	-7.3	-9.0	-2.9	-7.2
Quarter to Dec 90	-2.2	-3.7	-2.2	-2.8
Month of Dec 90	-0.9	-1.3	-1.1	-1.1

Investment Property Databank

MANAGEMENT

A demonstration of the distance travelled

Patti Waldmeir examines how management and workers achieved a closer accord at Mercedes-Benz in South Africa

In the new South Africa, the old established ways of apartheid are breaking down at a rate of knots – on the shop-floor as much as at the negotiating table. Old alliances are dissolving, and sworn enemies discovering a community of interest. South Africa is in transition, and nowhere has the process been more convulsive than at Mercedes-Benz of South Africa.

On August 16 last year, some 2,000 workers occupied the Mercedes-Benz plant at East London, in the Eastern Cape province, and began a sleep-in which ended when police evicted the remaining 160 strikers two weeks later. As a result of this wildcat stoppage the plant remained closed for five more weeks while management and unions thrashed out an agreement and pushed Mercedes – one of the country's largest foreign investors – to the brink of pulling out of South Africa.

Strikes are certainly nothing unusual in the South Africa of the early 1990s; an estimated 4m man-days were lost in industrial disputes last year, up from 3.09m for 1989. A major catalyst appears to have been the heightened political expectations among blacks following the release from prison a year ago of Nelson Mandela, deputy president of the African National Congress (ANC).

Such factors no doubt played a role in the dispute at East London, where the local community is known for its militancy and the Mercedes-Benz shop-floor is perhaps the most politicised in the country. Indeed, the flags of the ANC and its close ally, the South African Communist Party (SACP), flew from the company flagpole throughout the sleep-in.

But the dispute was essentially a rank and file revolt against the policies and local leadership of the recognised union at the plant, the National Union of Metalworkers of South Africa (Numsa).

Rebel workers opposed Numsa's policy of national wage bargaining in the motor industry; the dissidents wanted to bargain solely with their own management in the belief that Mercedes could pay larger increases than other motor manufacturers.

This demonstrated the tensions afflicting the country's black unions, which have been legal only since 1979; they have long operated as political proxies for the ANC (banned until last February), and are only now turning more attention to their duties as worker representatives.

And as the political struggle eases, unions are finding that they cannot always count on worker solidarity; the Mercedes rebels were far less interested in class unity than in the size of their own pay-packets. (Local unionists call this "factory tribalism", and aim to counter it with political education on the goals of the working class.)

In the end, industrial peace was restored at Mercedes-Benz only after the ANC and SACP sent some of their most senior leaders to urge the rebels back to work. Despite their continued support for disinvestment and economic sanctions – reiterated last December at the ANC's national conference – the ANC and SACP were clearly horrified at the thought that Mercedes-Benz would pull out of the country.

Their decision to intervene demonstrates the enormous distance travelled in South African politics in the past year; it is one of the clearest signs yet that the ANC is shifting its attention away from the politics of resistance towards the problems of economic development in a post-apartheid South Africa. And it demonstrates that the ANC and SACP – which sent its General Secretary, Joe Slovo, to East London – accept the role of private capital in the South African economy, and are willing to create conditions attractive to it.

Fraught labour relations are nothing new to Mercedes-Benz in South Africa. The company's chairman, Christoph Köpke, and Ian Russell, human resources manager, who were brought in at the end of 1988, admit that the previous management style was authoritarian and anti-union; indeed most workers saw it as racist. "Two years ago the company was effectively dead; the collective relationship had broken down completely," says Russell.

Köpke says the factory was under "worker control". It was a "war of attrition"; the union did not recognise management's right to manage, he says, and management did not recognise that the union had a role to play.

Management points out that from 1987 until the August dispute, weekly production targets were never met. Mercedes Benz also assembles Hondas in South Africa and five years ago was building 70 vehicles a day at its East London plant.

But from August 1988, that fell to 40 a day. Highlighting motivation problems at the plant, Köpke points out that when Mercedes workers built a car last year to present to Nelson Mandela on his release from prison, the car had only 9 faults (before inspection), against an average for the plant of 68 faults (13 in Germany).

He believes that the peculiar industrial relations culture fostered by apartheid was part of the problem: "When I took over, first level management (supervisor level) was 80 per cent white with an average education of Standard 6 to 7 (the first two years of secondary school)."

"The hourly-paids were black, 21 per cent had matric (secondary school diploma) and three were university graduates." Not surprisingly, this situation engendered much resentment. Three quarters of supervisors are now non-white, Köpke says, though there are still only a handful of blacks above that level.

He points out that, in 1988, the company had no formal structures in place to deal with conflict. During 1989, Mercedes-Benz and the union negotiated a recognition agreement based on a code recommended by IG Metall, the German union; it is seen as one of the most advanced in South Africa. In September 1989, shop-stewards and management met for a "relationship by objectives" exercise, to identify problems and agree key objectives.

Christoph Köpke: has overcome a 'war of attrition'

As a result, the union accepted management's right to manage and to discipline workers fairly; the company conceded that politics could not be wholly divorced from work issues, and agreed to further training for supervisors; and that criteria for employee advancement were to be jointly identified.

But, says Köpke, signing agreements is one thing and changing the company's industrial relations culture quite another. The shop-floor still sees management as the enemy. And, says Mtutuzeli Tom, a senior shop-steward: "Lower management still sees workers just as tools without human dignity."

Ironically, management's attempts to forge a healthier relationship with the shop-floor appear to have contributed to the August dispute. Messrs Tom and Fikizolo, both full-time shop-stewards who opposed the sleep-in, clearly had a close working relationship with Köpke and Russell. During the dispute – which revealed serious tensions within the shop-stewards committee – the two men were branded as sell-outs.

Management had succeeded in building good relations with leading shop-stewards; but those stewards had lost touch with the shop-floor, which revolted against them. The shop-stewards committee split, with 18 stewards supporting the strike and only 5 opposing it. In the end, the intervention of the national union leaders, the ANC and the SACP, persuaded the strikers to end their action and accept national wage bargaining. The company sacked 538 workers, whose cases are now to go to arbitration.

The dispute, which cost the company R500m in lost revenue, appears to have had a cathartic effect on Mercedes-Benz labour relations. Russell puts this down to the fact that the company has finally "called the collective relationship to account", and impressed on the union that they, too, have responsibilities under the recognition agreement. "We are spot-on production targets for the first time in five years," says Köpke.

Now management is turning its attention to a regional initiative to reduce the inequitable distribution of wealth in the surrounding community, with a proportion of extra income from productivity improvements to go into a regional development fund.

Köpke believes this will be crucial. "The deprived masses see that capitalism, apartheid, white supremacy, is all one. Capital hasn't done enough to dissociate itself from that old coalition."

Intra-company finance

ABB engineers its money

By Simon Holberton

"WE'RE as good as any bank," says Jan Roxendal, president of ABB World Treasury Centre. "We have a better rating than most banks and few can match us on the competitiveness of our lending."

ABB Asea Brown Boveri is best known as the huge Swedish/Swiss multinational electrical engineering company, a builder of trams, trains and power stations, but it is also a financial institution which has the capability to provide virtually a one-stop financial solution to any of ABB's 1,150 companies and the 3,000 to 4,000 profit centres into which they divide.

This one-stop solution includes project finance, leasing, insurance, trading and trade finance, foreign exchange dealing and the raising of debt, among others. These activities are grouped together within the financial services business segment of ABB – one of eight business segments into which the $25bn company is split.

The birth of a separate financial services segment predates the merger of Asea and Brown Boveri three years ago. According to Lars Thunell, the member of ABB's management board responsible for financial services, the creation of the new division was in response to two unrelated forces.

The first was a decision, taken in 1985, to split Asea into 14 separate legal entities; the second was the need to support Asea's operating companies in financing projects for the developing world. "Few banks wanted to be in that sort of trade finance," he said. "The banks were trying to give us all the risk and we didn't want to take it."

Today, ABB is probably the most decentralised corporation of its size in the world. The aim of decentralisation is to give as much authority to the company's operating entities as is possible within a framework of financial controls which both allows managers to track their performance and senior management to monitor the operating units.

"We want the financial impact of the business built into our operating unit's activities," says Roxendal. "If they build inventory to meet customer demands then we want them to see the effect it has on their balance sheet. Therefore, the unit that creates an exposure is the one which carries that exposure on its balance sheet. It is not absorbed into a central treasury."

If the treasury function were centralised then senior management would not be able to isolate the consequences of the financial decisions taken by operating managers and the operating managers would not be able to appreciate the financial implications of what they do and make informed decisions about the allocation of working capital.

Where ABB's treasuries do come into play is in helping the business units to manage their foreign exchange exposures and, indeed, their short-term assets and debt. Under a co-ordinating body, the World Treasury Centre in Zurich, ABB has set up 10 business area treasuries from Finland to Australia and the US to Italy, employing, in total, about 200 people.

Profit centres

Their role is to serve the financial requirements of ABB's industrial business units. However, they also operate as independent profit centres. In their dealings with the business units, they operate at market prices – they compete head-on with banks for ABB business – and it is in the trading and management of the funds they receive that they make profits attributable to the treasury centres.

"If we just took the money from the companies it would be easy for us to show a profit," says Roxendal. "All the local treasuries are treated as profit centres and have to meet return on equity guidelines laid down by the centre. The money they make by taking risks is the value-added and it stays within the treasury. How do we make money? Well, not out of junk bonds. We don't invest in instruments with a lower credit rating than our own. And we deal only with ABB companies. We don't make markets in instruments. We have to take views on markets but we are sitting in the middle of a huge information flow. If we have to manage a US dollar debt portfolio and borrow in the commercial paper market then we are in the market."

There is, however, one thing the national treasuries are not allowed to do and that is tap the international debt markets for foreign currency borrowings. The main function of the WTC is to provide funding for ABB as a whole and that is centralised. "It is important that when we tap the market we have control over when and at what terms we borrow," says Roxendal.

The WTC is also responsible for developing financial engineering techniques to make the most efficient use of the funds flowing through ABB's operating companies. Where it is permissible by law, ABB companies are required to net their intra-group foreign exchange dealings. ABB claims to operate one of the largest netting operations in the world. This minimises the cost of dealing through banks and last year was estimated to have saved $6m.

Another technique is cash-pooling. Cash-pools already exist at a local level – operating units are encouraged to use it by receiving higher interest rates on deposits and lower rates on borrowing – but the WTC is now assessing global pooling.

In an ideal world ABB would have a selection of banks in each main currency area. ABB companies would have an account with that bank so that all dollar accounts, for example, would be with a US bank. The benefit to ABB is that it could manage its cash resources better. "You could offset balances, and have the surplus placed on the wholesale money markets. That way you can get better rates of interest, or lower your debt," says Roxendal.

To date, the treasury centres have been very profitable. In 1989 they earned profits of $47.9m, giving them as a group a return on equity of 28.3 per cent. Overall, the financial services segment earned 12.1 per cent return on equity. "In 1989 we contributed 12 per cent of ABB's profits," says Thunell. "If we can maintain that share in line with the growth of ABB's business then I'll be quite pleased."

LEGAL NOTICES

ADVERTISEMENT OF CREDITORS' MEETING UNDER SECTION 48(2) OF THE INSOLVENCY ACT 1986

Registered No. 1995288 Registered in England

TEXMOTIF LIMITED - IN RECEIVERSHIP

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at the offices of Cork Gully, Chartered Accountants, 108 Great Victoria Street, Belfast BT2 7AX at 11.00 am on Thursday 28 February 1991 for the purpose of having laid before it a copy of the report prepared by the joint administrative receiver under section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:

(a) they have delivered to me at the address shown above, no later than 12.00 noon on Wednesday 27 February 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and

(b) there has been lodged with me any proxy which the creditor intends to be used on his or her behalf.

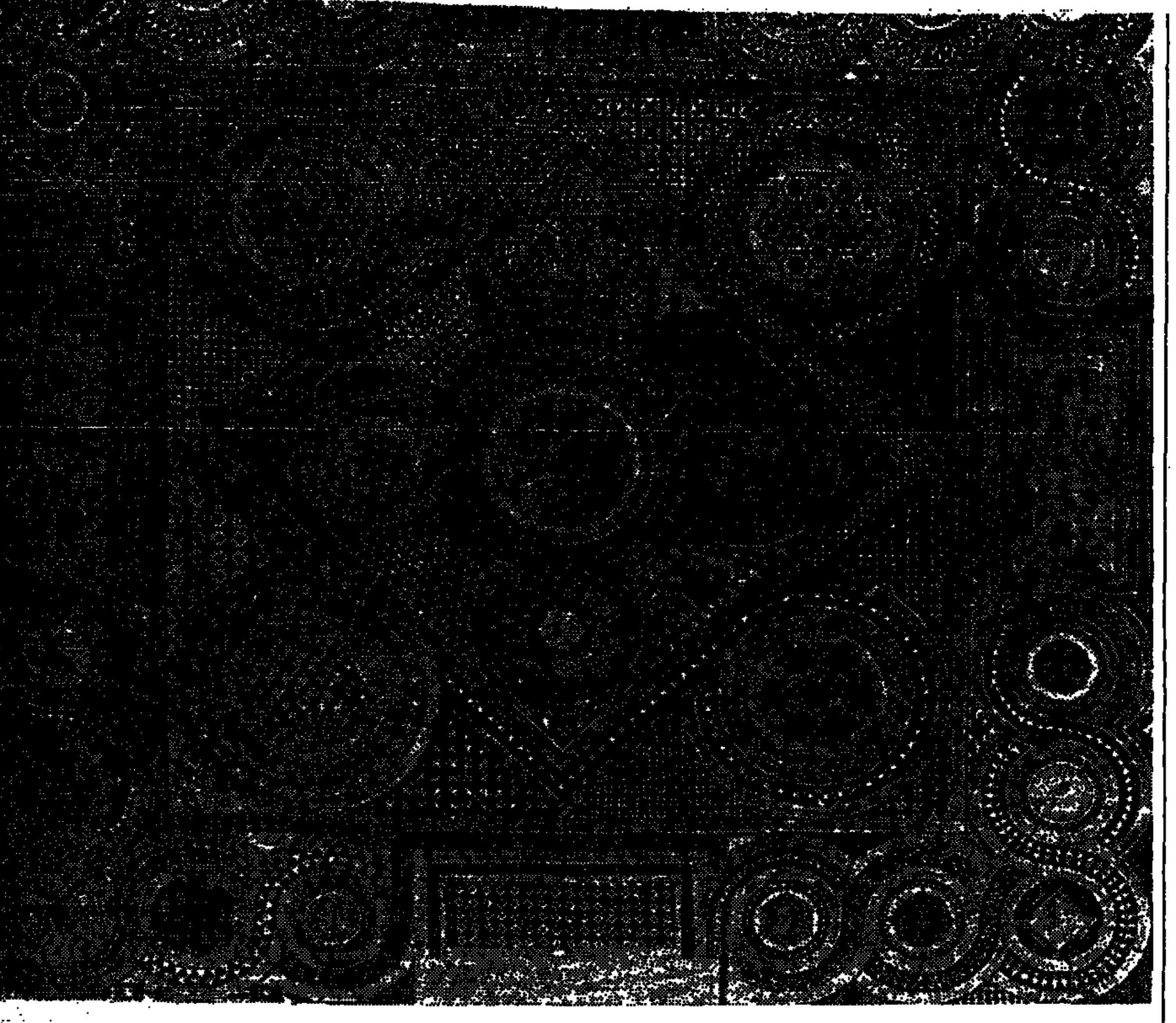
Date: 13th February 1991
Signed John Ross
Joint Administrative Receiver
TEXMOTIF LIMITED - IN RECEIVERSHIP

Note: Creditors may obtain a copy of the report, free of charge, on application to the administrative receiver at the address shown above.

OBITUARY

NIGHTINGALE

A service of Thanksgiving for the life of Michael John Humfrey Nightingale will be held at St Michael's Church, Chester Square, London SW1 on Friday 22 February at 3.30 pm.



Pope Clement IV's gift to Henry III: an engraving of the Cosmati pavement, which lies before the altar

Carpets off the Cosmati pavement

Now is the time to visit Westminster Abbey, says **Patricia Morison**

The famous Cosmati pavement, laid in Westminster Abbey over 700 years ago by Italian craftsmen, will once again be on public view for three days. On February 28, March 1 and 2, the carpet will be lifted off this masterpiece of inlaid marble, or *opus sextile*, to give the proper name to this colourful and intricate technique. This is only the *third such annual sighting of* the pavement which lies in front of the high altar at the spot where English kings are still crowned.

The Cosmati pavement was finished in 1268 in the reign *of Henry III, a ruler who was* politically dim but pious and a magnificent patron of art. It was his desire to make Westminster Abbey not simply beautiful, but more splendid than the royal churches of his French rival, Louis IX. That meant making the abbey-church of Westminster, a stone's throw from the royal palace into an immense Gothic church. The old Romanesque abbey created by Edward the Confessor (its construction memorably shown in the Bayeux Tapestry) was pulled down. Slowly, and to the serious detriment of Henry's finances, the magnificent church was built.

With the pavement, however, Henry was lucky. It was a gift from Pope Clement IV, albeit historians have pointed out that the pontiff could afford to be generous to a country which paid higher taxes to Rome than any other. However, the prime mover behind bringing the most high-status Roman interior decor to London was the new abbot, Richard de Ware. Henry III never himself went to Rome, although he had a weakness for things Mediterranean and once disgusted Parliament by appearing "in Apulian dress". It was Abbot Richard who, seeing the Cosmati marble all over Anagni Cathedral, decided that this should be the finishing touch for the new church. No doubt he was also happy to think that his grave would be beneath this heavenly pavement.

The workmen brought with them bags filled with stones they had scavenged from the wreckage of the buildings and monuments of Old Rome: purple porphyry originally *from the desert of Egypt*, onyx, yellow breccia, green serpentine quarried from Sparta, and much more. Added brilliance came from the modern Islamic glass, blue, turquoise, red and white. The master craftsmen was "Odoricus", according to a Latin inscription now illegible to the visitor. In fact, it seems that he was one of a family of craftsmen, in true Italian style. They also made the base of St Edward the Confessor's shrine, and Henry III's own massive tomb.

On your Henrician tour of the Abbey, you should look out for these Cosmati masterpieces. They have long had their acquisitive admirers. Donald Buttress, Surveyor to the Abbey, kindly pointed out to me that on Henry III's tomb there is a "reach line" below which precious little of the glittering inlay is left. It is exactly as a 17th-Century memoir of the Abbey regretfully noted about the Cosmati work, "the mosaic . . . of late much injured and defaced by picking out the coloured glass and stones."

Although there has been plenty of "picking out" from the pavement down the centuries, with a certain amount of bodged-in restoration with green bottle-glass and tar. Had it been made in Italy, the setting would have been of snowy-white Carrara marble. As it was, the Italians made do with grey-green Purbeck marble which gave the 11 square metre pavement a more sombrely Nordic touch. The design is somewhat lacking in "flow", if it is compared to similarly rigorous geometric decoration in medieval Islam. *Yet there is no doubting that* this was sumptuously royal work, with its bold design of lozenges, roundels, quincunx and hexagons, filled in with elaborate subsidiary patterns. Medieval scholars wrote lapidaries, learned treatises on the symbolic meaning of stones. Did the pope's gift, then, have some kind of a meaning?

At this point you need *Patterns of Thought. The Hidden Meaning of the Great Pavement of Westminster Abbey*, by Richard Foster (£15.99: Jonathan Cape, 184pp.) The publication of this enthralling and readable book coincides with the pavement's unveiling so you will need to look first, decipher later. The abbey's own excellent pamphlet by the Keeper of the Muniments, Richard Mortimer, makes clear that there is indeed more to the pavement than meets the eye.

According to one of the weird inscriptions, "The spherical globe here shows the archetypal macrocosm". Another still more gnomic text apparently announces that the world will last 19,683 years. Admirers of an Umbert Ecco-esque middle ages and the arcana of numerology will need no prompting to invest in Foster's guide to this marble labyrinth.

I was enthralled by the Cosmati pavement last year, although it was not particularly easy to see the venerable stones because of a dense crush of damp but boisterous tourists filing round the sanctuary. However, because of the Gulf crisis the Abbey this Lent is a rather different place. It is not just that it is now possible to explore in peace, but the balance of spectator to *worshipper has shifted and* there is a palpable change in atmosphere. This, if ever, is the moment to rediscover the extraordinary riches of this great church.

There has been another less subjective change since last year. One of the Hawksmoor towers on the West front has reappeared from its scaffolding, and at the year's end we will once more see its twin. Restoration of the whole West front will be completed in 1993, a phase which will have consumed around £7 million. Who, I asked Tom Thompson, Executive Director of the Westminster Abbey Trust, is footing the bill for the exterior restoration?

Since 1973 the Trust, under its President and Chairman the Duke of Edinburgh has raised £17 million, not from a conventional public appeal but from British industry, trusts, and foundations, augmented by $3 million from US and Canada. Now the trust is looking for another £1¼m to complete the abbey itself. As for restoration of the glorious Henry VII chapel, that is being deferred.

The Visit

LYTTELTON

Alastair Muir

Scene from Théâtre de Complicité's production at the National Theatre

Friedrich Dürrenmatt died in December last year. This production of one of his best-known plays, *The Visit*, was due to be performed at the National Theatre in honour of his 70th birthday.

It is not the play he originally wrote, nor one that people who have seen previous productions will easily recognise. It even differs from earlier productions by Théâtre de Complicité, which has been experimenting with the piece for three years.

The production ends with a sort of rugby scrum. "I vow to thee my country" is playing in the background. At the bottom of the scrum is the body. This is Alfred Schill, the man who in earlier versions of the play was called Anton, and who is murdered because years before he committed a crime against his lover. She has now come back to claim his body, offering one billion marks as a reward.

The Visit was always set in central Europe close to a railway station – "the most god-forsaken town between Venice and Stockholm", as somebody puts it while the trains go by. It used to be, at least in part, a comedy. It also contained elements of feeling: for instance, in the recollected memories of Anton (now Alfred) and his old lover Claire (now changed to Clara). Not any more.

What has changed since earlier productions is the situation in central Europe. Many people may think that those changes are for the better. Théâtre de Complicité seems to have other views. The best way of making sense of this production is to regard the arrival of democracy in central Europe as a sell-out to capitalism and to the corruption and greed that (one is asked to believe) automatically go with it.

There is a stage direction in one of the earlier versions which says that Claire is "simple and unaffected, yet she has the haughtiness of a world power". This Claire (Clara), played by Kathryn Hunter, is neither simple nor unaffected. She is ugly, crippled, vicious and rich. "With my financial resources", she says, "I could create a new world order." Instead she wants to turn it into a brothel.

Now married for the eighth or possibly the ninth time, she has brought a coffin with her in order to take the body of her one-time lover to be buried in Capri. And, of course, she gets her way. She bribes the local citizens with credit for consumer goods so that in the end they are so much in debt that they must do her will.

Intellectually this approach does not stand up. It lacks the subtleties and lightness of touch of the original. Dürrenmatt jokes are few and far between. Nevertheless, it is a stunning production directed by Annabel Arden and designed by Rae Smith. If you want a powerful night's theatre with ritual to go with it, here it is.

Malcolm Rutherford

Bob Dylan

ODEON HAMMERSMITH

Anyone slipping into the Odeon Hammersmith this week – not easy, because Dylan still sells out – would quickly realise that they had invaded the rites of a particularly arcane mystery. This is music? This is show biz?

For much of the time the *darkness was almost total, one* spotlight half distinguishing a hunched figure, heavily curled, dressed in many wrappings of black – like an illustration from an obscure Gothic novel. Occasionally Dylan *raised his fist in salute, and* murmured a word of thanks. The atmosphere was heavy with smells, particularly the rich, suffocating, sweet, heady smell of hippie squats of the 1960s. The audience stood in quiet awe, sometimes stirring in anticipation as it thought it recognised one of the classic songs of the century only to freeze in uncertainty.

For Bob Dylan is quite the most perverse performer, making Nina Simone and Van Morrison seem as reliable as Cliff Richard. He tours constantly, playing the smaller halls rather than the giant venues, which shows he has some sensitivity to the feelings of his *fans. But what happens on* stage at each concert is known only to Dylan, his particular God of the moment, and perhaps his band, although the rather makeshift, supporting musicians he has hired for this visit seemed so cowed by his perverse personality that they hardly attracted any attention. Being kitted out like Mafia hit men complete with black hats did not help their visibility.

I caught him genial but recondite, sometimes choosing the same key as the band, sometimes playing the same melody, but not always aligning it to any known recorded version of the songs. Occasionally he sang with great pas*sion and precision*, especially on "Desolation Row" but even songs made for venom, such as "Like a rolling stone" were allowed to float away from any sense or relevance.

And yet, and yet. He is not totally resting on a deserved reputation as one of the three or four creators of pop music. There is something compelling about the man. You realise he is destined to play and to play rock music. He needs the ignored audience as much as it needs to keep the faith. And what if he does distort and twist and mock and parody the songs – they are so much his creation that he has that privilege. But for any non-believer it would seem like a the celebration of a perverted ritual.

Antony Thorncroft

The Heat

DRILL HALL

This show, like *The Sunday Times*, gives queens a bad name. It's a cartload of camp, but was camp ever so morose, masochistic or self-pitying? The next time a drunk pins you to the wall and tells you his life-story, just be grateful it's him and not Hot Peaches. For *The Heat* assumes that you will want to hear the 20-year story of the New York troupe Hot Peaches – most of whom are up-front queens, some of whom are drag queens and all of whom are camp. And, since the story involves coming out, the birth of gay lib, merrier days way back when on Christopher Street and Fire Island, and the emergence of the AIDS phenomenon, I'm amazed it's as dull as it is.

Festooned with avalanches of jewellery, snowdrifts of sequins, false eyelashes borrowed from a porcupine and slap like a headache by Chagall, the six performers limp down Nostalgia Lane and regale us with highlights of the Hot Peaches career. Gay Lib to them is the right just "to be me" – which sounds fine – but their kind of gayness is just more of the Me generation. Moi, moi, moi. There's less about love than about rough trade, and less about sexuality than about dressing up.

Mind you, the poor dears can seldom have had a more frigid reception than on press night here. "Are you asleep out there?" called the lead performer Jimmy Cominia. *If only. Marsha P. Johnson*, who seems to have been dressed by Carmen Miranda's dustman and to have studied singing with Mrs Miller, provides the evening's only real entertainment when he chants "Lavender Balloon" because he is the only one who is happy to be (that classic camp label) so bad that it's good. He sings out of tune, has no rhythm, reads his lyrics – he *knows* he's ludicrous.

The others all put into reverse the Noel Coward dictum that the performer's duty is to indulge the audience, not himself. Amy Coleman stands out because she (a) is female (b) can sing. She's an arch, joyless soul sister who turns her two dismal songs into down-on-the-floor near-orgasms – the kind of thing that makes Bette Midler seem like Jane Eyre.

As entertainment, *The Heat* is just an *anthology of fag-ends, swept off the floors* of New York's gay cabarets of yesteryear. Torpid, narcissistic, flat. As sociology, though, *The Heat* is creepily fascinating. It's an appendix to Susan Sontag's famous essay *Notes On Camp*.

Alastair Macaulay

Alastair Muir

Michael Lynch

INTERNATIONAL ARTS PREVIEW

& EXHIBITIONS

On Wednesday the Vienna Philharmonic Orchestra opens a three-week tour of North America and Japan with a concert at the Kennedy Center in Washington. It will be a rare opportunity to hear an orchestra which is regarded as one of the world's finest, but which, as resident orchestra at the Vienna State Opera, tours infrequently. The conductor on the American leg will be Claudio Abbado, and the programmes reflect his interest in 20th century music as well as the orchestra's Viennese traditions. In Washington and Boston (next Fri), Bruckner's Fourth Symphony is the main work. The two concerts in Toronto (next Sat and Sun) include *Mahler's First Symphony and the* Lied der Waldtaube from Schoenberg's Gurrelieder, with Marjana Lipovsek as soloist. During a week of concerts at the Carnegie Hall in New York (Feb *25 to March 3)*, the programmes include Webern's Six Pieces Op 6 and plenty of Mozart. On its final evening in New York, the orchestra will give a concert performance of Elektra, with Eva Marton in the title role.

The tour then continues to Tokyo, where the Vienna *Philharmonic will take up* residence at the Suntory Hall for five concerts conducted by Andre Previn and Leopold Hager (March 8 to 13). The programmes are exclusively Mozart, with Shlomo Mintz soloist in the Violin Concerto *in A K219 and* Stefan Vladar in the Piano Concerto in C K503.

The tour was originally due to start with a single London concert on *Monday en route for* Washington, but the orchestra's travel plans have had to be *adjusted for security reasons*, and the London date is being re-scheduled for late spring or early summer. No such luck for the Saint Louis Symphony Orchestra – which, like several *other American ensembles, cancelled its European tour* this month because of security fears stemming from the Gulf war.

Next week's major events in Europe include a new production of Idomeneo at the Teatro Lirico Nacional La Zarzuela in Madrid (Tues), *conducted by Michael* Schoenwandt, staged by Emilio Sagi and with a cast headed by Montserrat Caballe. Tony Palmer's production of Peter Grimes, much admired in Zurich two years ago for its bold theatrical colours, is revived in Geneva (Sun) with a new cast and conductor for seven performances. Following the Bolshoi Ballet's season in Paris, ending this weekend, Pina Bausch brings the Tanztheater Wuppertal to the Palais Garnier (Thurs) for three performances of Gluck's opera-ballet Iphigenie en Tauride.

EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum Painters of Venice: traces the origin and development of the Venetian 'Vedute', town views of the 18th century. Canaletto, Bellotto and Guardi form the heart of the exhibition, drawn from collections worldwide. Ends March 3. Closed Mon

BERLIN

Museum für Moderne Kunst Construction and Rhythm, 120 watercolours and drawings by the Berlin painter Hans Uhlmann (1900-1975). Ends March 10. Closed Mon

CHICAGO

Art Institute Modernist Photography, a selection of new acquisitions featuring early modernist work by Alexander Rodchenko, Charles Seeler, Edward Weston and Andre Kertesz. Also included is a rare photograph by Nadar (1820-1910) of the inside of a helium balloon, predating by several decades the abstract light experiments of early modernist photographers. Ends April 21. Daily

LONDON

Accademia Italiana Italy by Moonlight: The Night in Italian Painting 1550-1850. Nocturnal scenes ranging from the Garden of Gethsemane to fireworks in the Colosseum. Carraci, Lotto and Bassano are represented, as well as several non-Italians, including Elsheimer, the Norwegian landscapist Johan Christian Dahl and the Austrian Michael Wutky. Ends March 2. Closed Mon

Barbican Centre *The Apotheosis* of Love: a centenary tribute to the English painter Stanley Spencer, with 65 works drawn from collections around the world. *Also* Man Ray: Bazaar Years, 175 photographs highlighting Man Ray's contribution to fashion photography from 1922 to 1942. Ends April 1. Daily

Royal Academy The Buhrle Collection: Impressionist and Old Master paintings collected by the German-born industrialist Emil Buhrle. Includes two Venetian views by Canaletto, a Van Goyen, Van Gogh's Wheatfield with Cypresses at Saint-Remy, portraits by Cezanne of himself and his wife, a wall full of Gauguin and two studies by Degas. The collection stops with cubism and the fauves, but includes a Kokoschka portrait of Buhrle from 1952. Ends April 14. Daily

MADRID

Fundacion Juan March Picasso: Portraits of Jacqueline. The exhibition covers the period 1954-1971, and brings together 100 paintings, sculptures and prints inspired by and dedicated to Picasso's last wife. Ends April 28. Daily

Museo Nacional Centro de Arte Reina Sofia Masters from the Guggenheim Collection: *from* Picasso to Pollock. With 125 paintings and sculptures representing the main movements in 20th century art, the exhibition includes work by Miro, Braque, Giacometti, Klee, Matisse and Modigliani. There are 17 works by Kandinsky and seven by Brancusi, including three wood sculptures not seen in public since 1960. Ends May 13. Closed Tues

MILAN

Palazzo Reale *Settecento* Lombardo: sacred and profane art from 18th century Lombardy, including 200 paintings by Crespi, Ricci and Borroni, and 100 sculptures and engravings by Calegari, Saltiero and others. Ends April 28. Daily

MUNICH

Kunsthalle der Hypo-Kulturstiftung Royal Dresden, Art at the Saxon Court: paintings, sculpture, porcelain and jewellery showing the artistic and technical sophistication of 18th century Dresden. Ends March 3. Daily

Lenbachhaus Paradoxes of Everyday Life: an exhibition of work by six contemporary artists from Antwerp, portraying everyday objects in a surreal setting. Ends April 7. Closed Mon

NEW YORK

Brooklyn Museum Alfred Bierstadt: Art and Enterprise. Focusing exclusively on the work of the American landscape painter Bierstadt (1830-1902), the exhibition includes 74 oil paintings ranging from small plein-air sketches to the monumental western panoramas for which he is most famous. Bierstadt's use of theatrical presentations to promote his work is recreated as part of the exhibition. Ends May 5. Also Monet and his Contemporaries: Impressionism and Post-Impressionism. Five Monet landscapes from the permanent collection are included, along with paintings by Pissarro, Matisse, Bonnard, Cezanne, Toulouse-Lautrec, van Gogh and Picasso. Ends June 3. Closed Tues

Museum of Modern Art Liubov Popova: 55 paintings and 60 works on paper. This is the first United States retrospective of Popova *(1889-1924), a constructivist who* is considered one of the most original artists of the early 20th century Russian avant-garde. The exhibition includes a selection of theatre, book and textile designs, many from Soviet collections. Ends April 23. Also British Photography from the Thatcher Years: 75 photographs which attempt to describe the quality of life in inner cities, the English countryside and Northern Ireland. Ends April 30. Closed Wed

PARIS

Bibliothèque Nationale Memories of Egypt, multi-media exhibition commemorating the bicentenary of the birth of the Egyptologist Champollion. Ends March 17. Daily

Centre Georges-Pompidou Art and Publicity: includes photos by Atjet and Seeberger of advertisements common at the turn of the century, contrasting them with modern art which draws on contemporary advertising images and techniques. Ends Feb 25. Also (on fourth floor) Juan Gris: Drawings 1915-1921, a collection of 30 drawings from Valencia, showing the vitality of colour that characterised Gris' work in comparison with other Cubists of the period. Ends April 1. Closed Tues

Fondation Mona Bismarck Retrospective of the symbolist artist Emile Bernard (1868-1941), with 60 paintings and 50 drawings and engravings. Bernard's theories and use of thick contours, flat strong-coloured surfaces and refusal of perspective influenced Gauguin in his Pont Aven period. Ends March 16. Closed Sun

Galerie Maurice Garnier Bernard Buffet (b.1928), the French painter loved by the Japanese celebrates Views of New York in his characteristic spiky style. Ends March 29. Closed Sun and Mon

Louvre, Pavillon de Flore Joos van Cleve: an exhibition showing the Italian influences on the Flemish painter, who became a Master in Antwerp in 1511 and visited Genoa around 1515. Ends May 27. Closed Tues

PRAGUE

Convent of St. Agnes of Bohemia Landscape paintings by Adolf Kosarek (1830-1859). Ends March 10. Closed Mon

ROTTERDAM

Museum Boymans-van Beuningen Christopher Wool: recent paintings. In his first European exhibition, Wool (b.1955 Chicago) presents 40 works on the theme of language in painting, which he handles with more than a touch of irony. Ends April 7. Also Alfred Eikelenboom: utopian models, a collection of rectangular and spherical objects developed by the Dutch architect Eikelenboom (b.1936) over the past 20 years. Ends March 17. Also Prints by Piranesi, including 35 large-format views of Rome first published in 1748. Ends March 10. Closed Mon

STUTTGART

Staatsgalerie Acquisitions 1983-1990: a collection of drawings and engravings by old masters from the German, Italian and Dutch schools, including a Rembrandt. Among the 19th century French prints are several by Bresdin, Bonnard, Vuillard and Roussel, and there are also some modern French and German drawings. Ends April 15. Closed Mon

VIENNA

Kunstlerhaus Roberto Capucci: Gowns as Armour, fashion in steel and silk from past and present. Ends April 2. Also Mozart in Vienna, an exhibition for the Mozart bicentenary. Ends Sept 15. Daily

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Friday February 15 1991

Mr Pavlov's reaction

THE NONSENSE concocted by the new Soviet prime minister, Mr Valentin Pavlov, about a foreign plot to undermine the rouble is a disturbing indication of the return to old ways. In this it is in accord with re-imposition of control over the media and the lies about events in the Baltic states.

The Soviet Union was built on force and fraud. However unwillingly, President Gorbachev's government is returning to these historic roots. But it is doubtful whether renewed reliance on old ways and old institutions – the party, the KGB and the military – offers even a temporary escape from the cascading problems of the Soviet state.

Mr Pavlov asserts that "a massive injection of money into this country has been planned for a long time ... That would have caused a financial disaster". So the government's currency reform (or theft) of last month was "a defensive measure".

If Mr Pavlov believes that, he can believe anything. But does he? More likely, he hopes *that he can sell this conspiracy* theory to the Soviet people. If so, nothing could better reveal the contempt in which the elite hold the people.

Since a big lie is often more effective than a little one, Mr Pavlov's assertions may work. But nothing is further from western minds than destabilising President Gorbachev's government; nor, if they wanted to do so, would they go about it in this absurd way.

A big lie

The truth is precisely the opposite of Mr Pavlov's claims. The currency swindlers from whom the people need protecting are the ruling elites for whom he speaks. It is at their behest that the country has been flooded with roubles, the currency debauched and a "financial catastrophe" threatened.

The rouble needs no enemies with the Soviet government as its friend. Its plight is, in large measure, symptomatic of the power of the institutions on which President Gorbachev once more relies. Successful economic reform in the Soviet Union requires fiscal stabilisation, competition, and wide *play for individual initiative*. But these reforms would destroy the power of the chief organs of the Soviet state.

Mr Pavlov has, instead, spelled out a conservative reform strategy. He seeks forced modernisation of heavy industry, strictly limited privatisation, and compensation for the price rises that the government has long sought and are now thought imminent. This programme is little more than the Brezhnevism with bite, with which President Gorbachev started his reign.

Ruling elites

Mr Pavlov's programme has nothing to do with a Chilean or South Korean route to economic reform, as has been suggested by Mr Yuri Prokofiev, leader of the Moscow city Communist party. Chile and South Korea did not possess huge ruling elites whose power derived from their direct control over every aspect of economic *life. On the contrary*, relatively small governing elites created the framework within which private enter*prise could flourish. That is* neither what the Soviet government is discussing, nor what is going to happen.

In the Soviet Union the governing elites are not the solution. They are the problem. But they are also the source of organised power. In moving towards them, President Gorbachev is, at one and the same time, trying to make government effective and rendering meaningful reform impossible.

This can be no more than a temporary solution to the Soviet crisis. The question is *what happens now. A serious* attempt might yet be made to return to Stalinism, which would offer no solution to the *long term problems of the* Soviet economy. Alternatively, the pendulum might swing back towards the comprehensive reforms discussed only a few months ago. Having shrunk from the fray once, however, President Gorbachev seems unlikely to muster the courage in still more adverse circumstances. That leaves as the most likely outcome more unrest, more conflict between the centre and the republics and yet more decay. Mr Pavlov's government offers no solutions. It is merely another *symptom of the Soviet disease*.

First aid for the unemployed

RISING unemployment constitutes an important challenge to UK economic policy-makers over the coming year. The government must ensure that the newly unemployed are able, and willing, to rejoin the workforce when the economy recovers. The economic case for more public expenditure on *counselling, training and a* temporary work option, is sound. Only the government's political commitment remains in doubt.

January's rise in unemployment, once seasonally adjusted, was lower than the consensus forecast. Yet growth of average earnings remains stubbornly high, despite rising unemployment and falling output. Unit labour costs in manufacturing grew by an unsustainable 12 per cent in 1990, far higher than in any of Britain's competitors. Pay bargains still *reflect last year's inflation* rather than current reality.

Further large rises in unemployment are inevitable. But reducing wage-inflation need not permanently impair the skills and motivation of the unemployed. The government's goal must be to provide all newly unemployed with the chance of either a training scheme or government-sponsored temporary employment, within a year of losing their job.

The current package of employment measures, introduced over the past few years to cope with the problem of persistent long-term unemployment, must be reoriented and expanded to meet this new challenge.

Job-search

Some unemployment and job-search is desirable, even in a fully employed economy. Currently the newly unemployed receive an initial advisory interview and support in their job-search. They should also have interviews with the *same adviser in subsequent* months. Whether this will happen depends on the maintenance of adequate funding for *the over-strained employment* service.

A short period of retraining would be sufficient to return *many of the newly unemployed* to work, after an initial period of search, given the substantial skill shortages that still exist in the UK. This is especially true of skilled workers who have recently been made redundant. The Tecs are now able to react to local skill shortages by using Employment Training funds to retrain these workers, in addition to those groups of the long-term unemployed who are guaran*teed a place on ET. Yet the* government is planning to cut its spending on employment training, by 30 per cent, over the coming year.

Encouragement

The rationale for the cut in ET is that many of the very long-term unemployed do not benefit from training. Instead, it is argued, they need help and encouragement with job-search. Funding for Job-clubs is being increased.

This may make sense when *vacancies are abundant*. But there is little point in the unemployed merely attending job-clubs, and making a series of fruitless job applications, when the economy is still in recession. This will have a damaging impact on their morale.

In addition to job-clubs, the new long-term unemployed should be offered temporary work. The scheme would be co*ordinated by the employment* service and the Tecs. Private and public sector employers would propose short-term projects that would not otherwise be undertaken, such as urban clean-up or school maintenance. The schemes would be vetted by the Tecs, while the employer would guarantee that at least 80 per cent of the workforce had previously been unemployed for over nine months.

Increased central government funding for the employment service and for a temporary work-scheme is essential if the skills and motivation of the newly unemployed are to be maintained until the econ*omy recovers. Most important*, the government must increase its funding for training. The Tecs were established to pro*mote training in the whole* workforce. Until the government provides substantially increased funding for the Tecs, and leverage to influence company training decisions, this aspiration will remain unfulfilled.

The US insurance industry is bracing itself for legislative reform after damning criticism from Congress, writes **Nikki Tait**

Insurers under the microscope

America's insurance companies are caught in a double-bind, pressured by the prospect of tighter federal regulation and by a continuing threat to the bottom line. Among the more extreme claims made by industry analysts and other interested observers in recent months are that:

- One-fifth of America's biggest life insurers could be at risk of insolvency in a severe economic downturn.
- Of the top 20 property-casualty groups, which cover diverse personal and commercial risks from vehicles to buildings and workers' compensation, all but two are storing up problems for the future by not conducting their business on a sufficiently conservative basis.

Both claims elicited denials of varying vigour. So did a rumour that circulated last year about the poor financial health of Equitable Life, the third-biggest US insurer. But the fact that such suggestions are contemplated by analysts speaks volumes for the level of disquiet among insurers.

It is not just the health of this industry, which manages assets of almost $2,000bn and employs more than 2m people, that is at issue. There is acute nervousness about financial institutions of any description following the multi-billion-dollar bail-out of the US savings and loan associations and in the light of the current traumas in the commercial banking sector. Accordingly, the entire insurance regulatory system is under the microscope.

Insurance regulation has been a state, as opposed to federal, responsibility since the middle of the last century. Each enacts its own statutes; has its own insurance commissioner, backed by supervisory staff; and makes its own arrangements, through "guaranty funds", to protect policy-holders should an insurance company *operating in the state go bust*. The question being asked – not least by a Senate sub-committee headed by the powerful Michigan politician Mr John *Dingell – is whether such resources* are sufficient.

So far – and it has not yet heard from some key parties – the Dingell committee has been unimpressed. After examining the failure of four fairly sizeable insurers during the 1980s, it reported last February that it "found a remarkable record of greed, incompetence and rascality" by the companies' managing.

The litany included "excessive underpricing, bad underwriting, illusionary reinsurance, reckless management, self-dealing, non-existent records, fraud, and a general concern for the welfare of corporate insiders".

The committee's damning conclusion was that "there has been, regrettably, little or no enforcement of laws, and few adequate regulations, prop*erly enforced, to punish and deter* wrong-doing" in the industry as a whole. That is strong stuff by any measure, and the industry is now braced for legislation proposing some form of federal intervention. It is a prospect variously greeted by insurers with alarm, sorrow and, just occasionally, qualified enthusiasm.

Any assessment of the industry's problems starts with the caveat that this is a vast and diverse business encompassing giants such as the Prudential, with assets of more than $160bn, as well as one-office operations.

Even more critical is the divide *between the life business*, which has increasingly become a savings mechanism, and the property-casualty sector where risks are much harder to assess. While it is true that certain problems span both the life and property-casualty sectors, they are essentially different industries, which must be considered separately.

The life industry's main worry centres on investment portfolios. Plunging US property values, coupled with the collapse of the junk bond market, have already created serious ripples within the banking business. Now, the argument runs, insurers who invested policy-holders' money in these areas could also be affected.

By mid-1990, "below investment grade bonds" were reckoned to amount to about 4.6 per cent of life companies' portfolios, while real estate (mortgages plus owned property) made up about 22.5 per cent. In themselves, these figures may not look unmanageable. The life insurers, moreover, point out that only 3.5 per cent of their aggregate $255bn mortgage portfolio was "delinquent" (the borrower had broken the terms of the loan) by the third quarter of 1990 – a rather better record than that of other financial institutions.

The *trouble is that these numbers* are "averages" which conceal horrifying individual examples. For instance, First Executive, the Californian insurer and a big customer of Drexel Burnham Lambert, the now defunct investment bank, is reckoned to have had more than 45 per cent of its assets in junk bonds.

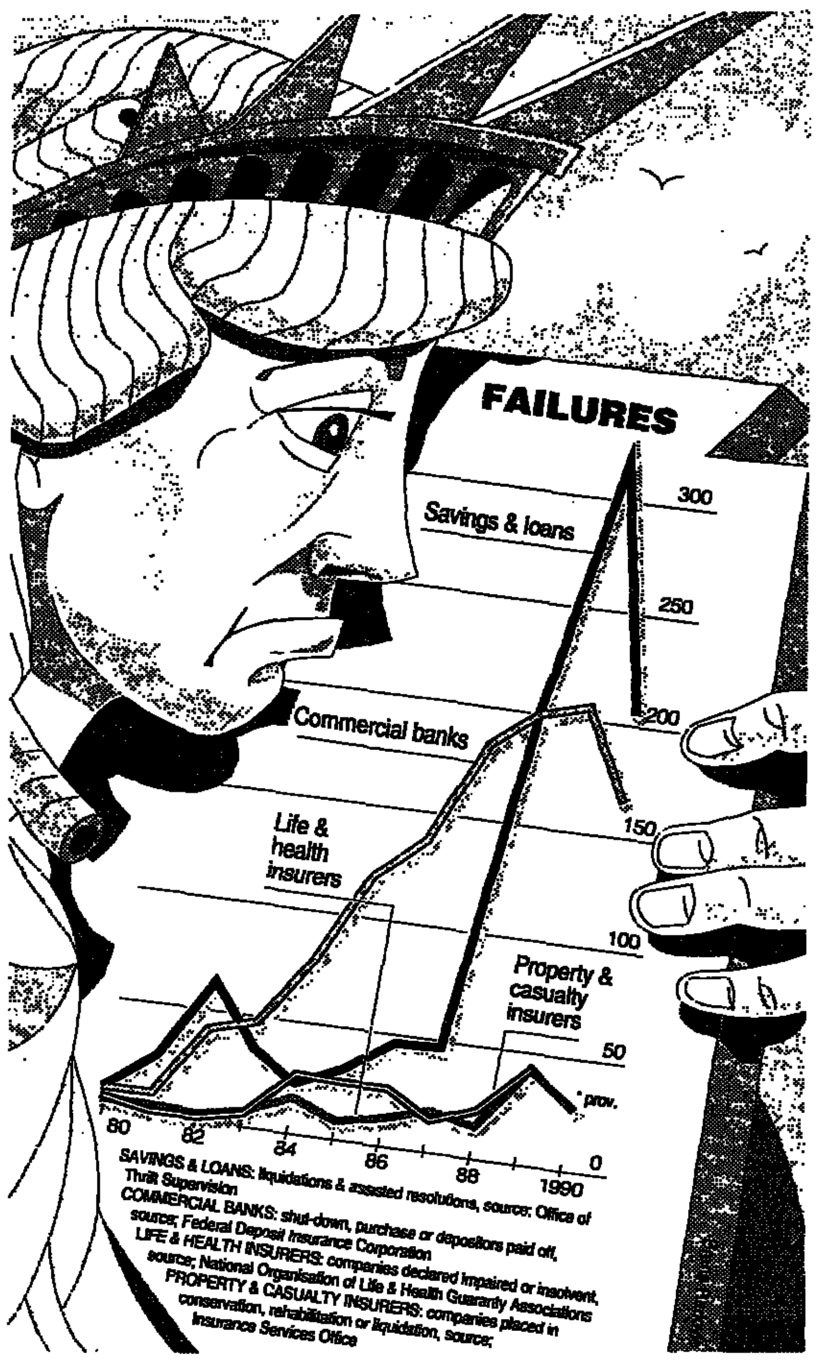
Nor have the problems been confined to the industry's least conservative members. Moody's, a big ratings agency, *conducted a survey of the life industry's commercial mortgage* portfolios towards the end of 1990 and made five downgradings. Two related to Equitable Life, and its Equitable Variable Life subsidiary.

Investment portfolios are not the sole worry on the life side. Competition has led to the development of policies which are significantly more expensive to administer and which offer a lower return to the insurer than traditional contracts. Other obligations, such as guaranteed investment contracts which were marketed aggressively in the 1980s, have proved difficult or impossible to make a profit on as interest rates fell.

In the property-casualty sector, the emphasis is quite different. In terms of investment portfolios, there is little cause for concern. According to the Insurance Services Office, junk bonds never exceeded 1 per cent of invested assets between 1985 and 1989 while real estate failed to top 4 per cent. Concerns focus instead on the profitability of the business, certain structural changes which appear to be taking place, and the adequacy of reserves.

On the first score, property-casualty insurers were immersed in a particularly prolonged underwriting cycle, which reached its nadir in about 1984. Returns improved throughout the mid-1980s, but before the sector could move into underwriting profits, the cycle turned down again in 1988. *Some analysts* hoped *a run of catas*trophes late that year would reverse the trend and accelerate a shake-out in capacity. But even though some *price increases* have been pushed through in niche areas, most observers reckon there will be no real earnings improvement until 1992.

The really worrying suggestion is that underwriting cycles may be becoming longer and more unstable as the structure of the industry changes. The last cycle, for example, is reckoned to have lasted 10 years, compared with five to seven years on the previous three occasions, and the downswings have been elongated.



There is some rationale for this; a significant proportion of the commercial customer base has been switching *to self-insurance (for example*, through mutual arrangements with other companies). This means that, while overcapacity persists on the *supply side, demand may be also* shrinking in key lines, or growing only slowly at best.

The consequence, many observers suggest, is that insurers have expanded too aggressively into other areas of business. At the forefront of many ambitions has been the general liability insurance market.

This can involve anything from coverage for professional services to insuring potential damages from manufacturing operations. As a line of business, it tends to be quite profitable in the short term. But insurers are also exposed for long periods and *the ultimate costs can be difficult to* predict. As a result, there is a growing concern that many companies may have inadequate reserves on this *score*.

Compounding these headaches are the "social pressures" impinging on the industry. Car insurance is one example. The problem started in California, when state voters passed Proposition 103, demanding a rollback in rates. "Prop 103" has since been subject to a long legal battle, and the insurance companies have won the right to "make a reasonable rate of return", mitigating its effect. But similar initiatives have spread to other areas like New Jersey and Pennsylvania, and caused some insurers to pull out of auto insurance in these states.

Finally – although less urgent – other financial institutions may yet muscle in on the insurers' territory. The commercial banks, despite their *own difficulties*, have shown some interest, and Citibank is fighting a legal battle in New York over its right to sell insurance nationally.

What are the implications of these combined pressures on the industry? The fear persists that there will be a run of sizeable insolvencies that the guaranty system *cannot handle*. So far the number of failures in the industry, although rising, has not reached serious proportions. But Mr Richard Stewart, a former New York state insurance commissioner, has little hesitation in predicting that there will be "a significant wave of insolvencies" in the property-casualty sector over the next five years. If these occur in the general liability sector, they may be of an entirely different order, he says, from past collapses – namely "large, national, complex and interconnected".

Here is the rub. When a company goes bust, the state guaranty association taps other insurers in its area to cover unpaid claims of the insolvent insurer. But the assessment levels are invariably capped, most commonly at 2 per cent of annual premiums. If a couple of large national insurers went under, it could take years for guaranty funds to raise enough money to pay outstanding claims.

Not everyone takes such a unreservedly gloomy stance. "We do not subscribe to the view of widespread insolvencies," comments Mr Larry Mayewski, a vice-president of A M Best, the rating agency which specialises in the insurance sector. "But there are specific companies *which* are surely weak."

What is to be done? The Dingell committee is expected to complete its *deliberations by the summer and will* then come up with legislative proposals. Its investigation has spurred action.

The National Association of Insurance Commissioners, for example, has put forward a variety of proposals, including one that limits the extent to which insurers can invest in bonds of a certain quality. It has made it a requirement that financial statements be subject to an annual audit by a certified public accountant, and has entertained the idea of having the state guaranty funds play a role in reviewing the finances of supposedly solvent companies.

No one, it seems, is quarrelling with these moves; the question is whether they are enough. The NAIC can only recommend regulations. *Much depends on the enthusiasm of* individual states for speedy implementation.

"I reckon that regulation is good or adequate in about half the states," says a senior executive at one of the largest insurance companies. For the rest, he said, "50 per cent is below par and 25 per cent is disgraceful".

Those, like the NAIC, which favour a beefed-up state system, point out that the current structure has a relatively good record. They note tartly that federal regulators oversaw the S&L debacle, and claim it is preferable to build on a tried foundation.

Few insurance experts believe the *matter will rest there*. There is a strong suspicion that some form of "federal commission", charged with ensuring greater uniformity of stan*dards among the different states*, could be proposed. Also on the cards might be some form of federal insolvency fund.

"I'm *not a great supporter of a fed*eral guarantee fund," says one Washington insurance executive, "but there's no denying that head of political pressure." After the S&L and banking debacles, who can be surprised?

OBSERVER

New trick by Old Lady

■ What is the Bank of England up to? Once, it would have leant over backwards to ensure that a British-owned bank led a prestige-piled official deal in the bond markets.

Yet it is appointing a US-owned institution, Morgan Stanley International, to head the first Ecu bond issue by Her Majesty's Government. Indeed, the issue has gone so well that it has been increased to Ecu2.5bn (£1.75bn).

The ground-breaking deal *is all part of a UK plan to cap*ture the lion's share of the growing Ecu capital market and squeeze London's main competitor: Paris.

The problem is that the UK's home-grown securities firms have no great strength in the Ecu market. Worse, the strongest are French houses such as Banque Paribas.

There is also the little question of why Morgan Stanley? *It hasn't lead-managed an Ecu* deal on its own since 1989.

The official line is that the choice was on merit. The House of Morgan has always been close to HMG and Morgan Stanley, employing 1,300 people in London, is strong on sovereign bond issues and has a large Ecu trading capability.

But the Eurobond market is an uncharitable place. It has not gone unnoticed that the chairman of Morgan Stanley International in London is Lord Richardson (Sir Gordon as was), a former governor of the Bank of England.

Perhaps, some unkind souls suggest, times don't change much after all.

Lost Ball

■*Hearing the catalogue of* strategic mistakes that memo-writing George Ball allegedly made during his nine years *running Prudential-Bache* Securities, one wonders why he lasted so long at the top of the fourth biggest securities firm in the whole of Wall Street.

Without the backing of the Pru, the US mutual insurance giant, the firm would have disappeared a long time ago – say his critics.

But one usually scathing critic of Wall Street's ability to lose other people's money, Lipper Analytical's Perrin Long, demurs. He says that with the possible exception of one or two individuals, such as Primerica's Sandy Weill, *he can't think of anyone who* could have done any better at Pru-Bache.

Ball inherited a retail broker suffering from perennially low margins. That was the root of its strategic problems, says Long.

Will the call now go out for Sandy Weill, or has he enough problems on his plate?

Knocking copy

■ Selling in the Soviet Union is a pamphlet of no fewer than 281 quips – the proceeds reputedly going to finance the "anti-communist struggle". Two examples:

A foreign visitor to Moscow is buying Rabinovich a meal and orders black caviare. "Huh," says Rabinovich, "your tastes are out of date. We stopped eating that ages ago."

What did Germany glean from Karl Marx? The east took the Communist Manifesto. The west got Capital.

Sterling test

■ It is a long time since Britain's downtrodden ship-owners have had as potent a figure as P & O's *Lord* Sterling arguing their case in the corridors of power. Hence there has been discreet lobbying to per*suade him to stay on the* bridge for a second successive year as president of the General Council of British Shipping. It is not to be.

Sir Frederic Bolton and Sir Ian Denholm have each been president more than once. But neither held the position for longer than a year at a time. The last shipping tycoon to do so for several on the trot was P & O's first Earl of Inchcape, 70 years back.

So it would have been highly unusual if Sterling, whose company controls over a third of the UK fleet, had stayed on. In any case the general council *has just recruited a real live* admiral, Sir Nicholas Hunt, to be its next full-time director-general and argue its cause on high.

Clearly, Sterling is hoping that by the time he hands over the presidency to the relatively unknown Michael Everard, he will have persuaded the UK government to underwrite the rebuilding of Britain's rapidly ageing merchant fleet by *introducing 100 per cent depre*ciation allowances. If not, then a large part of the P & O fleet could be flying something other than the Red Ensign in future.

Either way, it will be a test whether Sterling's behind-the-scenes influence remains as great as is sometimes suggested.

Sales pitch

■ Green with envy at golfers who nonchalantly snap clubs over knees in irritation at a bad shot? The British insurance industry is driving to your aid with Caddysure – a new package from Exall Warren Darby and Trinity insurance.

For just £15 a year, it offers club golfers cover for lost or damaged equipment, personal accident and liabilities to third parties. So you can break your *niblick over your partner's* head and it won't cost you a penny.

There is also an incentive to good play – hole-in-one cover – reimbursing the golfer for buying the traditional *round of drinks at the 19th*. "Have a double, old boy, I'm insured".

The one person who seems unlikely to need hole-in-one cover is the marketing man at Trinity Insurance who is promoting the deal: David Rough.

Show business

■ While few managing directors throw a jug of water at their daughters in public, it was entirely in character for *Richard Strong, who is quit*ting the Strong & Fisher leather company which his father founded 60 years ago.

Amanda Strong found herself all wet at a press conference when her father wanted to prove the stain-resistant and water-repellent qualities *of his company's Hi-Tec* leather.

The theatrical flourish did the trick. On another occasion *he brought six glamorous* leather-clad models to a presentation to City analysts. "We got a record attendance and I've never seen so many people stay on for lunch," recalls a former adviser.

Strong is also a keen horseman. Now his company has fallen under the control of Hillsdown Holdings, his main concern is whether the new masters will continue sponsoring Anne-Marie Evans's effort to make the British three-day-event team.

Natural break

■ Criticisms of British Rail's treatment of passen... – sorry – customers in the cold weather have evidently inspired it to try harder.

Witness the guard on a Hastings-bound service with no working toilets, who advised that relief could be found in *the station facilities* during the stop at Tonbridge.

"The train", he added, "will await your convenience".

POLITICS TODAY

Children move to centre stage

By Joe Rogaly

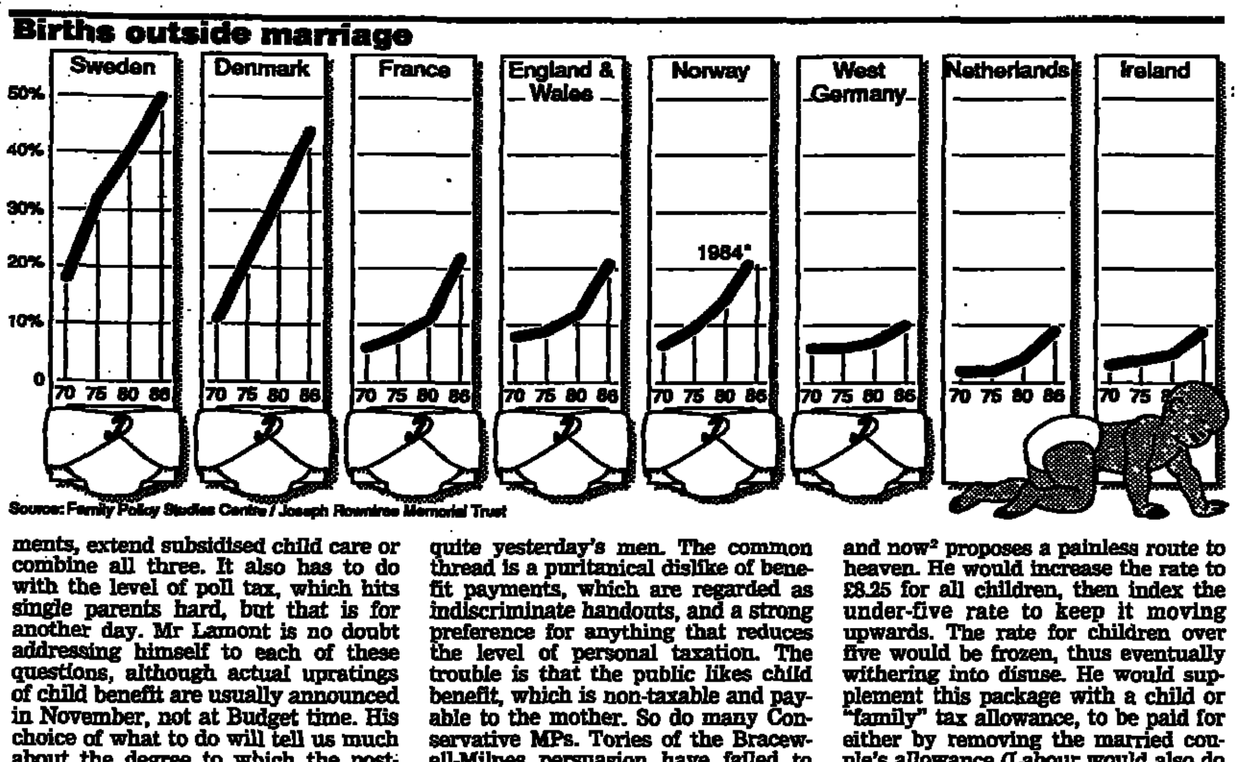
The British parliament, that undisciplined nest of fornicators, adulterers and divorcees, spent a recent afternoon debating "family policy". We should hear something tangible about it on the third day of Ramadan, when Mr Norman Lamont presents his Budget. What, you may ask, does our dapper new chancellor of the exchequer have to do with family policy? The answer is plain: everything. For at the end of the day, when the familiar moral and sociological pronouncements repeated in the Commons debate have been sifted through, what all parties are talking about is political cash flow - how much flows in to the Treasury, and how much out of it to parents.

"Family policy" is therefore expected to be a prominent theme in the general election campaign. It has to be, since it is about money. You can forget the philosophising. Some Conservatives turn the stomach with their pious protestations about the sanctity of marriage and its supposed function as a building-brick of society. They fret about Britain's high divorce rate and the propensity of young people to prefer cohabitation to wedlock. (My chart shows some of the results of the latter fashion.) Some in the Labour party are alarmingly over-enthusiastic about lone parenting, extra-marital childbearing, and a variety of other interpersonal relationships.

There is nothing wrong with politicians making speeches on these matters. They are paid to air their points of view. But air is all it is. Government interference should stop at the front door of the citizen's home. Patterns of adult behaviour are private matters. They are, or should be, outside the remit of the state. This was not quite accepted by certain of Mrs Margaret Thatcher's advisers, a few of whom hoped that tinkering with the divorce laws and chivvying the Archbishop of Canterbury would stop what they saw as the rot. It is not accepted by gender politicians on the left. They want legal rights to be attached to specific personal predilections. There is no future in following either line of thought. Whichever party is in power, the government in a democracy should leave such concerns alone. Let the religious leaders and the psychotherapists deal with them.

The government does, however, have a role as a protector of children. This is generally recognised, even by the libertarian right. Flat-earth market economists can ease their minds by regarding the diversion of resources to child-rearing as an investment in the oncoming generation. This works. When all of last year's Thatcherite agonising was done, the only practical policy to emerge - apart from a mumble about a pause before divorce - was a scheme to help single mothers claim maintenance payments from recalcitrant fathers. Some women protest that they do not want to name, or have contact with, the father. But the principle is sound: the financial obligations of parenthood must be enforced.

As to the rest, family policy boils down to whether you restore child tax allowances, increase child benefit payments, extend subsidised child care or combine all three. It also has to do with the level of poll tax, which hits single parents hard, but that is for another day. Mr Lamont is no doubt addressing himself to each of these questions, although actual upratings of child benefit are usually announced in November, not at Budget time. His choice of what to do will tell us much about the degree to which the post-Thatcher Conservative government intends to shift the balance of its social market strategy from the market to the social.



Source: Family Policy Studies Centre / Joseph Rowntree Memorial Trust

He has plenty of proposals to choose from. At the libertarian end of the spectrum there is Mr Barry Bracewell-Milnes' new scheme, just published by the Institute of Economic Affairs[1]. He would have the Inland Revenue offer a grossed-up tax allowance to replace child benefit: the standard £7.25 weekly benefit would be replaced by an allowance of £1,508. You could offset the cost of this against income taxed at 25 per cent, but Mr Bracewell-Milnes, who sheds an idiosyncratic tear for the high cost of bringing up children in high-earning households, would like the offset extended to the 40 per cent band. Either way, many more low-earners would pay no tax. Non-earners could still claim their £7.25 benefit.

Similar notions have been propounded in a variety of pamphlets emanating from the Tory right. We have to take them seriously: even in Mr Major's Britain they are not yet quite yesterday's men. The common thread is a puritanical dislike of benefit payments, which are regarded as indiscriminate handouts, and a strong preference for anything that reduces the level of personal taxation. The trouble is that the public likes child benefit, which is non-taxable and payable to the mother. So do many Conservative MPs. Tories of the Bracewell-Milnes persuasion have failed to wither it away, in spite of freezing it and thus reducing its real value by a fifth since 1979. When Mr Tony Newton, secretary for social security, announced last October that it would be increased to £8.25 for the first child from April 1 he probably secured its place as an enduring feature of Britain's social market economy.

The public likes child benefit, which is non-taxable and payable to the mother

Mr David Willetts, he of the Centre for Policy Studies, the celebrated Thatcherite think-tank, is on another tack. He would have child benefit doubled for under-fives, and abolished for all other children, on the ground that mothers of tots tend to stay home and care for them rather than go out and earn money, so that poor families tend to be those with young children. He recognises abolition as "extreme", and now[2] proposes a painless route to heaven. He would increase the rate to £8.25 for all children, then index the under-five rate to keep it moving upwards. The rate for children over five would be frozen, thus eventually withering into disuse. He would supplement this package with a child or "family" tax allowance, to be paid for either by removing the married couple's allowance (Labour would also do that) or by abandoning the Conservatives' long-term aim of a 20 per cent standard rate of income tax.

Mr Willetts is nothing if not ingenious. As he reminds us, since 1979 the incomes of two-adult households have grown more than twice as fast as those of households made up of two adults and two dependent children. It is one result of a broad move of tax and benefit policies away from family support that has gathered pace over the past two decades. Mr Frank Field, the Labour chairman of the parliamentary select committee on the social services, calls it a "disinvestment policy in the nation's children".

Until the contrary is proved, I choose to assume that the caring, classless administration of Mr John Major will want to redress the balance, if only a little. Mr Lamont will never make sense of how best to do this unless he runs a few numbers through the machine. The task has been attempted for him by Ms Hermione Parker and Ms Holly Sutherland; their results have just been published by the Suntory-Toyota International Centre for Economics and Related Disciplines[3].

Their software takes the government's Family Expenditure Survey data and calculates winners and losers, by family, according to variables such as tax, national insurance, social benefits and the like. Complexities you and I never think of, like the fact that child benefit is subtracted from, not added to, income support must be factored in. This means that the very poor do not gain financially from child benefit, although since it is paid to everyone it does not constitute a disincentive to work, as means-tested payments do. But that is just one of a great many tangles.

The print-outs cast doubt on the Willetts correlation of child poverty with the presence of children under five. Women's work and child-bearing patterns appear to be more complicated than that. Again, tax reliefs "tend to redistribute income upwards", in spite of Mr Bracewell-Milnes' bracing theories. Abolishing child benefit for over-fives or moving to child tax reliefs would therefore continue the shift of fiscal advantage away from families with children. A combination of the two would be less regressive and less of a poverty trap.

The two most favourable choices indicated by the Parker-Sutherland analysis are interesting, if politically unlikely. One is to raise child benefit to £13.25 a week, paying for it by an extra 2p on income tax. For families with children the extra tax is offset by the extra benefit, even at the higher levels. The average gains, net of tax, are £5 a week in the bottom two tenths in income terms and £1 in the top tenth. It might be worth re-running this at the Treasury, keeping income tax where it is but freezing existing allowances. That, too, would finance a strong uprating in child benefit. It might also finance the second favourable option in this paper, a basic income benefit for every man, woman, and child of £11.89. The net effect is an average of £400 a year more at the bottom end of the scale and an average cut of £600 at the top.

When you have sorted tax and benefits the final element in the mix is subsidies, either in the form of a tax relief for child care payments made by mothers who choose to go out to work, or credits of some sort to be used to buy places in nurseries and crèches. On this I am with Mr Willetts, who seeks to avoid discrimination between mothers who work and those who do not. The tax system should favour neither one route nor the other. Therefore every mother (or directly responsible father) ought to have any payment going. The Willetts conclusion is beautifully simple: child benefit, properly uprated, is the best child care voucher. I agree, except for his concentration on the under-fives. Child benefit is also the best kind of family policy, and possibly one of the best vote-winners of its kind. That is why Labour is betting on it.

[1]IEA Inquiry No 22; 2 Lord North St, London SW1P 3LB. [2]CPS policy study No 120; 8 Wilfred St, London SW1E 6PL. [3]Sticerd Occasional Paper 16; LSE, Houghton Street, London WC2A 2AE

Export credit guarantees

Disarmament is not the answer

By Edmund Dell

The latest accounts from the UK Export Credits Guarantee Department include greatly increased provisions which give it negative net assets. How should one respond to the prospect of Britain's export credit agency showing a loss?

Andrew Tyrie (FT, February 1) argues that British governments should not ape the follies of other governments which expensively support their nation's exports. If necessary, he writes, the government should act unilaterally and free the British tax-payer from this burden.

Mr Tyrie is presumably revealing advice he gave when he was a Treasury adviser. The government was right to reject it then and should continue to do so now.

Why has there been this deterioration in ECGD's performance? The international economic environment and debt crisis have certainly made risk assessment more difficult. ECGD's provisions may also be a symptom of the declining competitiveness of UK industry.

Nevertheless, we do not know how the accounts of other European export credit agencies would look if they were to adopt the provisioning rules now imposed on ECGD. The government claims that, despite recent problems, ECGD has done better than comparable agencies. Guarantees of this kind are a cost not just to British taxpayers, but also to those of other countries.

The fact that all governments are at risk might suggest an opportunity for a multilateral agreement to limit these exposures. The problem here is that it is difficult to see of what such a multilateral deal would consist. Financial pressures on governments may lead to more careful assessment of risk. But a complete ban on such guarantees is unlikely.

The choice is thus between the total abandonment of such guarantees and the rather more cautious approach to the granting of guarantees which the British government seems to have adopted in its portfolio management system.

If the government followed Mr Tyrie's advice, no private sector institution would take ECGD's place. It would imply an intention that UK suppliers should not compete for project business in developing countries. It would have a catastrophic effect on the ability of the lead companies affected, and of their sub-contractors, to fund export business.

Project business may only represent 2 per cent of UK exports. But it is a much higher proportion of the activity of the companies principally involved. If they are denied the opportunity to export, the future of their project capability in the domestic as well as the export market will be in doubt.

Another subject of Mr Tyrie's scorn is interest subsidies on loans. These he describes as "hand-outs to favoured countries to persuade them to buy British goods on credit". I assure him that there is little that the UK sells that its customers could not buy competitively elsewhere. We are doing our customers no favours. These interest rate subsidies are a reflection of UK interest rates. I would rather describe them as the tax a country plagued by high inflation and a weak current account imposes on itself as a cost of doing export business.

The principal culprit must be the government. Inflation and the current account have been perennial problems for British governments. British exporters would far rather enjoy German inflation, the German current account, and German rates of interest.

Dogmatic hostility to any government intervention in industrial activity, other than regulatory, has not on present evidence achieved the miracle until recently attributed to it. Mr Tyrie's absolutist attack on export guarantees is, surely, a leftover from another era. His views are not shared by our leading competitors many of whose economies are stronger than our own. His "touch of radicalism" is of the kind that digs up the roots only to find that it has killed the tree.

The author is chairman of the London Chamber of Commerce and was Labour trade secretary, 1976-78

LETTERS

Hardly a decade of 'export success'

From Dr John Wells.

Sir, Phillip Oppenheim MP, ("Unfair to blame the past decade for current problems", January 30) really should try and get his facts right.

The 1980s cannot possibly be portrayed as a decade of UK export success. In fact, in most areas of trade, the UK experienced a deceleration in the growth rate of export volume in the 1980s, compared with the two previous decades.

The services were a particular disappointment; in spite of all the hype, service exports grew by a paltry 1.6 per cent a year in volume terms during the 1980s.

Manufactured export volume growth undoubtedly accelerated during the latter part of the decade - following an extremely disappointing first half - though this, to some degree, reflected the late-1980s recovery in world trade. Even so, following the dramatic 2 per cent loss in the UK's world manufactured export share between 1979-82, UN data, at least, does not confirm any subsequent stabilisation in that share; on the contrary, they show a continued steady decline (at constant prices).

Moreover, in the increasingly internationally-integrated markets in which manufacturing companies now operate - penetrating each other's domestic markets in the struggle for global share - the changes in a country's share of world manufactured exports no longer provide a relatively unambiguous indicator of industrial performance.

The export share, since it ignores changes in import-penetration, is rendered a rather partial indicator. What has to be measured is the capacity to hold on to both overseas and domestic market share - and this is best summarised by the growth of manufacturing output, whether destined for home or foreign markets.

And, here, Mr Oppenheim's claim that "the liberal 1980s witnessed Britain's manufacturing output ... growing faster than any other country in Europe" is completely untrue. Ranked by the rate of growth of manufacturing output, even measured between 1980-90 (ie from near trough to peak in the UK cycle), Britain came ninth out of 16 European OECD countries for which data are available. Taking the period 1979-90, ie spanning the entire Conservative term of office, the UK came in 14th out of 16 European OECD countries.

Finally, Mr Oppenheim must not be allowed to get away with the old canard that manufacturing output fell during the term of office of the 1974-79 Labour government. The relevant monthly indices for manufacturing output are (1985=100): February 1974, 105.5; May 1979, 108.4. This is a not too dissimilar performance from that of other OECD countries, grappling, as was Britain at the time, with rising energy prices and dependence on energy imports. These conditions were much less favourable than those which the Conservatives enjoyed in the 1980s.

MPs have numerous platforms from which to engage in public debate. But, when they do so, surely members of the public have a right to expect them to ensure their facts are correct. Perhaps, legislation should be introduced encouraging them to do so?

John Wells
University of Cambridge,
Faculty of Economics and Politics,
Austin Robinson Building
Sidgwick Avenue, Cambridge.

Rate of growth of export volume, by decade (percentage p.a. compound)

Sector	1960-70	1970-80	1980-90
Non-oil goods	5.0	4.1	4.2
All goods	5.0	4.8	4.1
Services	5.1	3.8	1.6
Non-oil goods and services	5.0	4.0	3.5
All goods and services	5.0	4.5	3.5
Manufactures	4.8	3.9	4.6

Source: UK official statistics

Rates of growth of manufacturing output (percentage increase)

1980-90	%	1979-90	%
1. Eire	98.4	1. Eire	95.6
2. Portugal	49.8	2. Portugal	60.1
3. Luxembourg	44.5	3. Finland	40.8
4. Austria	34.3	4. Luxembour	40.2
5. Finland	30.8	5. Austria	38.8
6. Netherlands	30.2	6. Netherlands	30.2
7. Belgium	24.8	7. Switzerland	30.1
8. Switzerland	23.5	8. Belgium	22.4
9. UK	22.5	9. Germany	22.1
10. Germany	22.1	10. Italy	20.1
11. Spain	18.1	11. Spain	18.5
12. Sweden	17.4	12. Sweden	17.4
13. Italy	13.3	13. Norway	13.5
14. Norway	12.3	14. UK	11.9
15. France	10.0	15. France	8.2
16. Greece	4.4	16. Greece	5.4

Sources: OECD, main economic indicators, (various).

Investment in training

From Miss Diana McMahon.

Sir, John Banham's comment ("Defending industry's training record", February 6) is timely, but he uses UK national statistics to prove that investment in training is being maintained.

It may be more helpful to cite specific businesses in a local area (the purpose for which Training and Enterprise Councils were set up). In Bedfordshire, for example, chief executives representing leading employers on the county's Training and Enterprise Council - including Vauxhall Motors, NFC, Texas Instruments, Whitbread Leisure, Grant Thornton, Willmott Dixon and the North Bedfordshire Health Authority - report that they are increasing, or at least maintaining, training levels and spending in 1991.

Diana McMahon,
Bedfordshire Training and Enterprise Council,
Wesley House,
Luton, Bedfordshire

The wrong end of the stick

From Mr Peter Heath.

Sir, I do wish somebody could get through to the Consumers' Association to straighten out their thinking on the question of commission disclosure.

Yet again they demonstrated in John Willman's article ("Wanted: a user-friendly system for city regulation", February 11) that they have hold of the wrong end of the stick; the editor of Consumer Policy Review says quite rightly "it is axiomatic that consumers need to know the price of a service in order to make sensible decisions".

No one can object to this principle, but surely what the consumer needs to know in this context is how much of his premium is being eaten up by charges. To disclose commission levels and to ignore other expenses, for marketing and administration, for example, is to miss the point.

The second misunderstanding is that commission disclosure comes too late because it is made after the sale and is obscurely expressed.

Please can it be made clear that, even though it comes after the sale, the commission disclosure is part of a letter which expressly gives the consumer 14 days to cancel the policy.

So it is certainly not too late for the consumer to change his mind. As to obscurity, is it really so difficult to work out what "X per cent" of the premium in the first year means in monetary terms?

I suggest that anybody who cannot make sense of that should not be entrusted with the week's shopping, never mind buying a life policy.

Peter Heath,
Soderman (UK),
20/21 Tooks Court
Cursitor Street
London EC4

Fax service

LETTERS to the Editor may be faxed on 071-873 5938.

Letters should be clearly typed and not handwritten. Please set the fax machine for fine resolution.

Readers may also use a direct computer-to-computer link, but should first telephone our computer department on 071-873 4893.

FINANCIAL TIMES
Friday February 15 1991

Moscow set to raise prices by up to 200%

By Leyla Boulton in Moscow

THE Soviet government is expected to unveil long-awaited price reforms on Monday raising the prices of food and clothing by between 100 and 200 per cent.

But they will be offset by hefty wage compensations for a population frightened of any change in state prices.

Mr Andrei Orlov, deputy chairman of the government's economic reform commission, said the price increases would be announced before parliament reconvenes on Monday. He could not say when they would come into effect, but it is likely Moscow will want to avoid a time lag between the announcement and implementation to pre-empt panic buying.

The Federation Council, which brings together leaders of the 15 Soviet republics, is expected to approve the package in Moscow today.

The reforms are designed in part to create a more realistic structure for pricing, linked more closely to production costs, as well as cutting subsidies.

Mr Orlov said state subsidies for food would be reduced to a quarter of their present level as a result of the changes.

The Russian parliament was yesterday debating the package in closed session, indicating that the price rises are imminent. Interfax news agency said the price of meat, bread and flour would be tripled, and milk and children's clothes would go up 130 per cent. Household appliances, detergents and underwear would increase by around 75 per cent, and railway and air fares would rise by 70 and 80 per cent respectively.

The measures include compensation for wage-earners, tied to a basket of products, including all essential food and "first priority" consumer goods. Mr Vladimir Shcherbakov, the labour minister, said it would put at least Rbs60 in every pay packet.

But in an apparent attempt to mitigate both the inflationary effects and a potential backlash by consumers, prices of petrol, alcohol, and medicine will not change, according to Mr Orlov.

Editorial comment, Page 16

Amman echoes to calls for revenge

Mark Nicholson reports on a different form of anger in Jordan

BY DUSK last night, the angry chant for Saddam Hussein to use chemical weapons to avenge the bombing of an Iraqi air raid shelter was still ringing off the walls of the US embassy in Amman loud enough to drown the muezzin's call to prayer.

"No-one here will sleep tonight, they will be waiting for Saddam to attack Tel Aviv," said one young Palestinian woman in a typical expression of outrage which spilled into Amman's streets yesterday in a series of demonstrations. Though smaller than many in recent weeks their anger was of a different order.

Where previous demonstrations have been cloaked in celebration, symbolised for instance by the proud brandishing of models of Scud missiles, yesterday's were underlain with a will for revenge.

Special forces police armed with guns, clubs and shields watched the demonstrators they were there to control with clearly mixed feelings. But although a few westerners were slapped or jostled, even the most bitter Jordanians had only violent words for onlookers from Britain or America.

For the most part the crowds' ire was directed at President Bush "the butcher of mankind", King Fahd, the Saudi ruler and President Hosni Mubarak of Egypt, or "Hosni Dollar" as he has been branded for his perceived complicity in the US-led war.

"Bush, Fahd, Hosni, Assad, we will kill them all," screamed one middle-aged man brandishing a black flag. "We will fight, we will kill everyone," he shouted to cheers and a great chorus of "Allahu Akhbar" [God is Great].

But an element of the Jordanian anger derives from a knowledge that they will not, cannot and, finally, do not wish to fight. Beside posters of President Saddam they held aloft pictures of King Hussein, whom they have never respected more and whom they will follow in his partisan neutrality.

But since the bombing campaign began, Jordanians from all levels of this educated society have watched with deepening grief, fury and a bitter belief that the coalition is intent on nothing less than the complete destruction of Iraq.

A Jordanian joins in protests outside the United Nations building in Amman yesterday

Outside the heavily guarded US embassy, one of few buildings in the city to fly its flag at full mast, more than 200 women and children waving their own black flags began their vigil early yesterday morning and pelted the building with stones, red ink and shoes, a traditional Moslem insult. Some of the women sobbed, rocking children in their arms.

At one point, a two-year-old girl was held aloft while the crowd broke into a call for Mr Saddam to kill Israelis and American troops with chemical weapons.

Other crowds descended on the United Nations headquarters and also pelted it with stones, in testimony to the disillusionment felt by many here towards an organisation they now believe to have been hijacked into a US-led conspiracy against the Arab world.

The crowds will return to the streets today, which is the Moslem weekend, perhaps in even greater numbers. And again, the violence is likely to be purely vocal.

It is unlikely that all Jordanians will satisfy their will for revenge in words alone. Soon after news of the attack on the air-raid shelter broke a young German Arabic student sitting in a downtown cafe was stabbed in the chest by a man who had just watched scenes of the Baghdad attack on television. The student, who had apparently been mistaken for an American, escaped death but no-one is confident that this will be the last casualty of Jordan's anger.

US plans further cuts in export controls

By Peter Riddell, US Editor, in Washington

THE US is planning to reduce by a further 25 per cent the range of technology exports subject to controls and licensing, but will retain restrictions on some high-technology sales to countries like the Soviet Union and Iraq.

Foreshadowing a relaxation within a few weeks, Mr Robert Gates, President George Bush's deputy national security adviser, yesterday stressed that the US would maintain tight controls on exports to the Soviet Union of certain products, such as advanced telecommunications systems. He said the war with Iraq and the Soviet crackdown in the Baltics underscored the importance of keeping controls.

The US still wants to ban sales of fibre-optic equipment to the Soviet Union because of worries about the impact on intelligence gathering, but there are signs of a shift to permitting such exports to the new democracies of Poland, Hungary and Czechoslovakia. The US has been wary of relaxing controls on such high technology exports to eastern Europe because of concern over re-export to the Soviet Union but also to Middle Eastern countries such as Iraq.

In a speech to the American Electronics Association, Mr Gates said that, while the Soviet Union has a communications system that impedes business activity, the US is still concerned about making available new technology because of the deteriorating internal position. "Until the situation settles into a more predictable pattern we must simply hold the line."

A new "core" list of technologies subject to license will be published late this month, and come into operation at the end of March.

Since the sweeping political changes in eastern Europe at the end of 1989, the US and its partners in the 17 nation Co-ordinating Committee for Multilateral Export Controls (Cocom) have moved to cut back restrictions.

The US has already cut the previous 116 product categories subject to licence by 40 per cent, including many computers and machine tools. The proposed further relaxation is expected to produce an additional reduction of 25 per cent.

There has been considerable controversy over the export of western technology to Iraq, both directly and indirectly. Mr Gates said yesterday that since 1985 the US has refused to authorise 350 licences of technologies destined for Iraq. He expected the Gulf crisis to bring about greater international co-operation on the control of high technology.

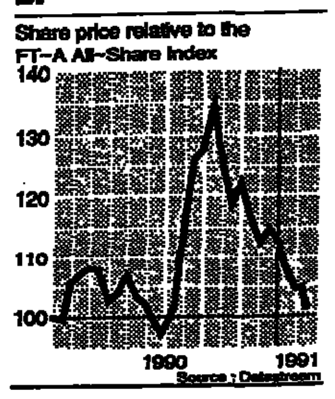
THE LEX COLUMN

The onward march of wages

Yesterday's UK economic data may have been no worse than expected. They are nevertheless a reinforcement of the Bank of England's warning that the conquest of inflation cannot yet be taken for granted. Manufacturing employment in December sank to a new all-time low and output dropped by 2.2 per cent. Despite that, manufacturing wages went up by nearly 10 per cent. The combined effect on unit wage costs, which only three years ago were rising at 2 per cent a year, was an increase of 12.5 per cent. This may be largely an historic figure, the product of timing differences within the cycle. But it is also an indication of the scale of the job the ERM is designed to tackle.

Sterling's position within the system yesterday remained substantially unchanged. Given the apparent willingness of the Bank of Spain to help the UK government out two days ago, this is perhaps a little disappointing. The sterling/peseta rate is now back to where it was before the UK's base rate cut. No further monetary relaxation by the Spanish authorities is expected in the near future, so even the next half point cut in UK base rates will take careful timing. As for the irrepressibly cheerful equity market, it has yet to reflect that if all those cost increases are not to show through in headline inflation, the difference must come out of corporate profits.

BP



Given the unusual volatility of oil prices and refining margins since last summer, it was no surprise that BP's full-year numbers were unusually opaque. The current price outlook is equally cloudy, so the market took its cue from a dividend increase just short of 8 per cent – hardly a bonanza for investors, but a sign that a policy of real increases has so far survived.

Worries about BP's dividend cover seem overdone in view of its ample cashflow and its huge and partly discretionary capital expenditure. But even with the help of lower UK inflation, it will be tough to meet market expectations of a dividend increase of 6 per cent this year. Debt to equity at around 40 per cent is back within the company's stated comfort range, but despite a benefit this year from the weak dollar the balance sheet remains a worry.

Whether the shares are good value has little to do with perceptions about whether BP is a well-managed company. The oil price is the key. At 309p and yielding just under 7 per cent, BP's shares are historically cheap, particularly against those of Shell, which have generally underperformed BP and the sector when crude prices rise. BP management is assuming an average crude price around $20-$25 per barrel this year. This may look high, but seems as fair as the lower numbers favoured by some analysts. Only investors who think crude prices are going up will want to buy oil stocks. Even they are probably holding off for now on the arguable grounds that an end to the Gulf war should cause a price dip.

BOC

BOC's share price prospered famously when the world was coming out of the last recession. It is only human nature to look for a repetition this time. Hence the 17 per cent increase in the gases group's shares since last November's annual results and the further 4p rise to 540p yesterday, despite news of first quarter earnings per share down by nearly a fifth thanks to the strength of sterling. Is there much more for investors to play for, now that BOC's shares are yielding only 5 per cent on 1991's forecast dividend?

Like France's Air Liquide, BOC is a favourite in hard times, since industrial gas demand tends to outstrip general economic growth rates. The first quarter's evidence was that this still holds good. BOC's nitrogen volume remained strong in all major markets, notably Japan, and gas profits overall were up 4 per cent in local terms. Even BOC's latest black sheep – US home health care – is breaking even, though it may be 1992 before it gets its separate New York listing. However, investors must satisfy themselves that BOC is building long-term value as well as weathering recession. Its £300m of capital spending this year on the likes of its new gas plant in the Pacific suggests it is certainly trying, which helps justify the stock's relatively expensive rating.

BT

British Telecom's third quarter figures are final evidence that it can churn out a very attractive profit performance almost at will and make a return on capital in line with corporate averages at considerably lower risk. BT has begun to show that it can offset recession-hit revenues with deep staff cuts, a process which has much more potential. If the Trade and Industry Secretary is not already so minded, he should now be tempted to take a hard line in the duopoly review and throw open the UK telecoms market to competition. If BT's shareholders suffer, they can always console themselves with the benefits they will enjoy as consumers.

Crest Nicholson

Mr Paddy Linaker's M and G, which holds 5 per cent of Crest Nicholson's equity, will no doubt be touched. But by paying a half covered dividend, the company looks to be taking the easy way out. Finding that extra £2.5m to pay the final is obviously not a problem, but the apparent strength of the balance sheet only tells part of the story. Net interest payments, for example, are only covered 2.2 times, while distributable reserves in the parent company will be reduced to little more than £7m. If gloomy pre-tax profit forecasts of just £5m for the current year turn out to be right, maintaining the payout a second time would swallow most of the remainder.

Crest's gamble is that things cannot get much worse and that tumbling interest rates will finally perk up demand in the housing market. The company concedes that it honestly does not know when that will happen and warns shareholders quite clearly not to take anything for granted. The pity is that fear of not being forgiven in the City may have encouraged the less prudent course. There will be plenty of others without even that option.

EC stance is setback for Gatt hopes

Continued from Page 1

about the EC's exact stance was caused yesterday by assurances from officials in Brussels that the Commission had not retreated from the position it had taken at the ministerial meeting.

Diplomats said yesterday that they expected Mr Dunkel to make a final effort in the next few days to find a formula that would allow talks to restart in all the areas under negotiation in the round, including services, textiles and intellectual property rights.

Attempts to put the Uruguay Round back on course have slowed since February 1, when senior negotiators called to Geneva by Mr Dunkel agreed to a "twin track" approach to the farm issue.

Talks on technical details would resume in the multilateral forum while efforts to settle basic political differences would be pursued separately in bilateral discussions between the US and the EC or in talks among a few leading countries.

It was assumed that no agreement could be reached by March 1, when US President George Bush has to seek a two-year extension of his "fast track" negotiating authority from the US Congress and that congressional approval for the extension would have to be secured if Gatt's thwarted trade-liberalising exercise was to be completed.

Postponement of Mandela trial raises concern over rule of law

By Patti Waldmeir in Johannesburg

TWO terrified prosecution witnesses in the trial of Mrs Winnie Mandela were yesterday given 20 minutes to decide whether to testify against her or face the threat of spending the rest of their lives in jail. They chose not to testify.

Such a decision could only have been made by men who feared that their alternative to imprisonment (theoretically, they could face five-year sentences recurring indefinitely, though this would be unusual) was death or serious injury at the hands of unknown figures who have sought to pervert justice.

Certainly, the two young men – Kenneth Kgase and Barend Thabiso Mono – believe they will be killed if their testimony leads to the conviction of Mrs Mandela and others charged with eight counts of kidnapping and assault. They point to the fact that a fellow witness, Mr Gabriel Pelo Mekgwe, is missing, believed kidnapped; they fear he may be dead.

Their fear highlights the role intimidation has played in the Mandela trial, which has seen one of the co-accused disappear and then reappear on the steps of the court, and Mr Mekgwe abducted in his pyjamas.

The trial was yesterday postponed to March 6, along with sentencing of the two witnesses. It has been not only unedifying but has raised serious concern about the rule of law in what President F.W. de Klerk likes to call the new South Africa.

It has damaged the image of the African National Congress (ANC) – which has thrown its weight behind Mrs Mandela in the trial – both at home and abroad. And it has fuelled white fears that South Africa, with its high crime rate and brutal tradition of township violence, faces a lawless future.

No one knows exactly who is responsible for the intimidation of witnesses. The ANC has denied it was "organisationally involved" in the disappearance of Mr Mekgwe. But the peculiar wording of this denial has invited speculation that ANC supporters, acting without the approval of the leadership, may be implicated.

In the past, ANC officials have privately admitted that rank-and-file members (especially the so-called "young lions" of South Africa's townships) have committed acts of political intimidation.

The ANC's failure to control the "young lions" was already causing moderate blacks to drift away from the organisation; any further evidence that the ANC is powerless to stop intimidation cannot improve the group's image.

The ANC branch in Tumahole, near the Orange Free State town of Parys, yesterday called a press conference to be addressed by Mrs Manankl Seipei, mother of Stompei Seipei, who was found in a ditch with his throat slit.

Local officials repeatedly insisted that neither Mrs Mandela nor her associates had anything to do with harming Stompie, a Tumahole boy. (A man has already been sentenced to death for his murder.) They repeatedly attempted to prevent Mrs Seipei from saying whether she supported this view. She said only that she was "no longer angry" with Mrs Mandela, but hoped she would visit her to "clear up these matters".

If police cannot locate those who have disappeared, it seems unlikely that the state can proceed. Mrs Mandela will have been denied the opportunity to clear her name; the state will have been frustrated.

Such an outcome would no doubt be politically expedient. It would remove a source of conflict between the Government and the ANC. But it would not augur well for the future of justice in the new South Africa.

GM, Ford post large losses

Continued from Page 1

further decline in orders in many markets. Mr Robert Stempel, GM chairman, said the plunge in consumer confidence due to events in the Middle East and economic turmoil "resulted in a dramatic drop-off in North American vehicle demand and dealer inventories, which contributed to sharply reduced factory salesand earnings in the fourth quarter."

He said 1991 and the rest of the decade would be a time of "strategically responding to intensifying competition and rapidly changing market conditions."

On Wall Street, where GM's problems are well known, the company's share price was up ⅛ to $36⅞.

Ford's price slipped ¼ to $30½.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	11	52	Berlin	Sn	-4	25	Caracas	F	37	99	Faro	S	14	57	Islamabad	R	08	46
Algiers	R	7	45	Biarritz	S	4	39	Casablanca	C	14	57	Florence	S	5	41	Istanbul	S	12	54
Amsterdam	Sn	0	32	Bombay	S	30	86	Chicago	Sn	-3	27	Frankfurt	F	-2	28	Jakarta	C	31	88
Athens	S	16	61	Bordeaux	S	2	36	Cologne	Sn	-3	27	Geneva	S	-1	30	Jersey	C	4	39
Bahrain	-	-	-	Boulogne	F	3	37	Copenhagen	Sn	-5	23	Gibraltar	S	14	57	Johannesburg	F	24	75
Bangkok	F	37	99	Brussels	S	0	32	Corfu	C	10	50	Glasgow	F	3	37	Lima	F	26	79
Barcelona	S	8	46	Budapest	S	-2	28	Dallas	C	14	57	Helsinki	Sn	-7	19	Lisbon	S	10	50
Beirut	-	-	-	Buenos Aires	F	22	72	Dublin	R	5	41	Hong Kong	C	21	70	London	S	3	37
Belfast	R	3	37	Cairo	S	24	75	Dubrovnik	F	7	45	Innsbruck	S	-1	30	Los Angeles	S	14	57
Belgrade	S	0	32	Cape Town	S	21	70	Edinburgh	F	3	37	Inverness	F	4	39	Luxembourg	F	-2	28

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	16	61	Milan	S	0	32	Nicosia	S	18	64	Salzburg	C	-2	28	Tenerife	C	18	64
Madrid	S	6	43	Montreal	Sn	-6	21	Oporto	S	10	50	San Francisco	S	9	48	Tokyo	S	12	54
Majorca	F	11	52	Moscow	S	-5	23	Oslo	S	-6	21	Seoul	C	10	50	Toronto	Sn	-3	27
Malaga	S	13	55	Munich	Sn	-4	25	Paris	F	1	34	Singapore	F	32	90	Tunis	R	9	48
Malta	C	17	63	Nairobi	-	-	-	Peking	C	5	41	Stockholm	Sn	-5	23	Valencia	F	11	52
Manchester	S	2	36	Naples	C	8	46	Prague	Sn	-7	19	Strasbourg	F	-3	27	Venice	S	3	37
Manila	F	32	90	Nassau	F	25	77	Reykjavik	F	7	45	Sydney	S	39	102	Vienna	F	0	32
Melbourne	C	19	66	New Delhi	S	21	70	Rhodes	F	15	59	Taipei	C	19	66	Warsaw	Sn	-4	25
Mexico City	C	26	79	New York	C	8	46	Rio de Janeiro	F	34	94	Tangier	F	14	57	Washington	C	9	48
Miami	S	18	64	Nice	F	7	45	Rome	F	7	45	Tel Aviv	-	-	-	Zurich	S	-3	27

Temperatures at midday yesterday C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
• THE FINANCIAL TIMES LIMITED 1991
Friday February 15 1991

INSIDE

Campbell Soup ahead by 29% to $135m

A big jump in profits from international operations has boosted second-quarter earnings at Campbell Soup, the US foods group. The company yesterday announced a 29 per cent rise from $105.2m to $135.3m on sales up modestly from $1.72bn to $1.77bn. Goldman Sachs called it a "surprisingly strong quarter which clearly demonstrates the company has turned around". **Page 22**

Losses for Wallenberg

Investor and Providentia, the two main investment companies used by the Wallenberg family to control their extensive Swedish industrial empire, yesterday reported a combined loss of almost SKr1.7bn ($311m) for 1990. The loss was primarily blamed on the costly SKr4bn effort to block a greenmail raid on Saab-Scania, a key Wallenberg company, by Swedish financier Sven-Olof Johansson last year. **Page 20**

Fletcher Challenge drops 17%

Fletcher Challenge, the diversified New Zealand conglomerate, saw a 17.7 per cent drop in operating earnings to NZ$654m (US$396m) in the six months to December 31, largely due to a tougher climate in Canada, Australia and New Zealand. However, after extraordinary items, net earnings emerged at NZ$376.3m, a rise of 9.4 per cent. **Page 23**

Crest Nicholson holds payout

Crest Nicholson, the housebuilder and commercial property developer, is to maintain its final dividend but must dig into reserves to do so. A proposed final dividend of 4.65p raises the total to a maintained 7.65p for the year to end-October. Pre-tax profits fell by more than three quarters from £37.12m to £8.06m ($16m) and earnings per share dived to 3.86p from 28.71p a year ago. Andrew Taylor reports. **Page 26**

Chiquita proposes investment

Chiquita Brands, the world's largest exporter of bananas, is proposing to invest $100m in Panama if the government abolishes an export tax and liberalises the country's labour laws. The move comes amid an increase in world banana demand, particularly in eastern Europe where sales are likely to increase by 40m boxes a year — the equivalent of Panama's entire 1990 production. **Page 26**

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
Aachen Mch	730	+	10	Dollfus Mieg	352.5	+	19.3
Falls				Geophysique	595	+	20
Allianz Hld	492	−	8	Merlin-Gerin	520	+	20.5
Didier-Werke	166	−	6.5	Skis Rossignol	650	+	30
[illegible]	695	−	16	Spie Batignolles	513	+	33.1
[illegible]	703	−	15	Valourec	240	+	12
Springer Axel	680	−	12	TOKYO (Yen)			
NEW YORK ($)				Rises			
Rises				Ichikoh Inds	655	+	100
Addington Res.	13	+	1½	Japan Steel	670	+	100
Boeing	48	+	¾	Wakachiku Cons	1300	+	200
IBM	135⅛	+	⅞	Falls			
[illegible] Corp.	12⅞	+	⅝	Hanwa	2170	−	190
Xerox	27½	+	2	Tokai Alka	1140	−	90
Falls				Wakamoto			
[illegible]	46½	−	4¾	Pharm	1180	−	80

LONDON (Pence)							
Rises				Reuters	774	+	28
[illegible]	89	+	8	Siebe	346	+	25
Balgonie	52	+	4	Simon Eng.	323	+	19
Campari Intl	223	+	13	Thorn EMI	873	+	28
Capital Radio	152	+	9	Falls			
Cornwall Parkr.	215	+	30	Eurocopy	95	−	59
[illegible]	227	+	16	Goodhead	26	−	5
[illegible]	510	+	22	Low (Wm.)	307	−	15
Jacksons	53	+	9	NSM	21	−	11
Ladbroke	249	+	13	Photo-Me Intl	230	−	10
P & P	80	+	18				
[illegible]	68	+	10				

Gulf conflict deflates 1990 profits at BP

By **Deborah Hargreaves** in London

BRITISH PETROLEUM said yesterday it could see a substantial stock loss in the first quarter of this year as a result of the record drop in oil prices after the start of the Gulf war.

But Mr Bob Horton, the chairman, forecast a stronger oil price later in the year once the current stock overhang in the market is worked off.

The company yesterday reported a 32 per cent rise in its net income for the final quarter of last year to £456m ($902m) from £345m in the same 1989 period, on a replacement cost basis which eliminates stock gains and losses. But for the full year, BP indicated that profits declined by 12 per cent to £1.2bn compared with £1.36bn in 1989.

BP has used the current oil price, which is at $20 a barrel, to value its stocks for the whole of last year – even though prices were often much higher – which analysts say has depressed overall earnings by some £250m to £300m.

Mr Horton said that he felt BP's short-term assumption of an oil price near the current $20 level was slightly weak on average for the year and that he expected prices to strengthen.

The results offered few surprises to the City but despite news of an increase in the full year's dividend to 16.05 pence from a corresponding 14.9 pence, the share price finished trading 1p lower at 309p.

Analysts expressed some concern at the weakness of the group's performance on refining in the US during the fourth quarter when refining income halved to £115m from the buoyant level of £248m in the third quarter. This had been caused by the company's difficulty in passing huge increases in crude oil prices on to consumers.

At the same time, income from BP's chemicals division was severely depressed – down to £7m in the fourth quarter compared with £87m in the same 1989 quarter and a drop of £400m compared with a profit of £132m for the full year.

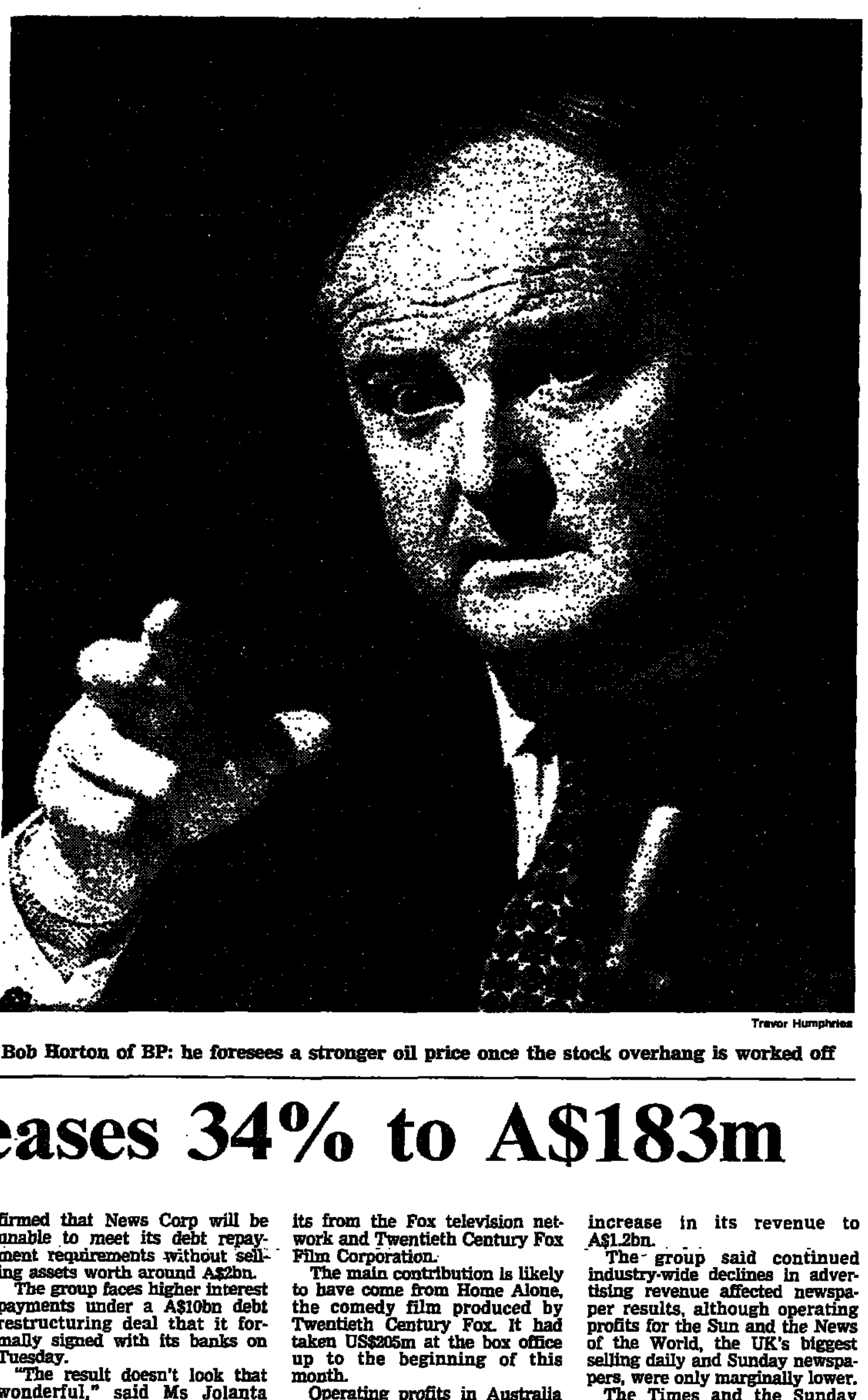
This followed the effects of recession on users of chemicals as well as problems with temporary plant shutdowns and the rise in feedstock costs as a result of the Gulf crisis.

On a historical cost basis, which includes stock gains and losses, BP's full-year result was boosted by a stock gain of £472m to £1.67bn from 1989's level of £1.74bn.

The company said that if prices were maintained at their current levels, the loss made on stocks in the first quarter could equal the stock profit at the end of last year.

That would be a loss of nearly £500m which has led analysts to forecast flat profits for the company this year of close to £1.2bn.

Lex, Page 18



Trevor Humphries

Bob Horton of BP: he foresees a stronger oil price once the stock overhang is worked off

AmBase insurer sold for $935m

By **John Burton** in Stockholm

AN international consortium of investors led by Trygg-Hansa SPP, Sweden's largest insurance company, yesterday acquired Home Insurance, a big US non-life insurer, from AmBase Corporation in a $935m deal.

The agreement follows a preliminary bid in October by the consortium for New York-based Home Insurance, which ranks 22nd among US insurance companies in terms of premiums written, and is the sixth largest in the US industrial insurance market.

After the bid, Trygg-Hansa SPP built its Home Insurance shareholding from 33 to 60 per cent. Its Finnish partner, Industrial Mutual Insurance, holds another 20 per cent. The remaining stakes will be held by US-based International Insurance Investors, with a 10 per cent share, and a number of financial investors, including Vik Brothers, a European investment group.

"During the negotiations, our appetite for Home Insurance increased and the other consortium partners were willing to reduce their stake due to the tougher financial climate in the US," said Mr Anders Aberg, a Trygg-Hansa SPP executive vice-president.

The acquisition of Home Insurance is the first big step by Trygg-Hansa SPP into the international direct insurance market, although it operates several re-insurance and marine insurance subsidiaries in North America and Europe.

Trygg-Hansa and SPP merged in November to expand their capital base for international expansion. The takeover of Home Insurance will increase Trygg-Hansa SPP's premium income from SKr22bn ($4bn) to SKr35bn. Mr Bjorn Sprangare, president, said: "The purchase has been thoroughly prepared and we have examined Home Insurance very closely.

"But I want to emphasise that this deal contains risks since Home Insurance makes twice the income that we do from non-life insurance operations and we have been only a domestic insurer until now."

AmBase had to sell Home Insurance, which posted operating profit of $72m for the first nine months of 1990, due to mounting financial problems. The deal will be financed through a loan of $363m, stockholders' equity of $235m, and assumed debts and liabilities.

News Corp increases 34% to A$183m

By **Kevin Brown** in Sydney

NEWS CORPORATION, Mr Rupert Murdoch's media group, yesterday announced a 34 per cent increase in net profits to A$183m (US$144m) for the six months to the end of December 1990. Turnover was up 40 per cent at A$5.7bn.

The result was in line with Australian analysts' expectations, and the shares closed 20 cents higher on the Australian Stock Exchange at A$7.26, nearly A$4 above their low of A$3.30 last month.

However, the increase was largely attributable to a A$41m gain on foreign exchange transactions and the exclusion of two months' losses from BSkyB, News Corp's UK satellite joint venture. News Corp said losses from the venture were excluded from early November, when the group's Sky service merged with the rival British Satellite Broadcasting. Analysts said this probably added a further A$20m to net profits.

News said its overall result was substantially better than last year's first half, but warned the improvement might not be sustainable without an economic recovery in the US, Australia and the UK, its main operating areas.

News Corp said its net profits rose to A$257m after including abnormal profits of A$74m, reflecting its sale of a shareholding in Reuters, the international communications group, and some smaller businesses.

Analysts said the result confirmed that News Corp will be unable to meet its debt repayment requirements without selling assets worth around A$2bn.

The group faces higher interest payments under a A$10bn debt restructuring deal that it formally signed with its banks on Tuesday.

"The result doesn't look that wonderful," said Ms Jolanta Masojada, an analyst with Macquarie Bank who follows News Corp. However, the group will benefit if interest rates fall this year as forecast, she added.

News Corp said operating profits in the US increased 70 per cent to A$571m, reflecting the inclusion of the Harper Collins book publishing group from July, and substantially improved profits from the Fox television network and Twentieth Century Fox Film Corporation.

The main contribution is likely to have come from Home Alone, the comedy film produced by Twentieth Century Fox. It had taken US$205m at the box office up to the beginning of this month.

Operating profits in Australia and the Pacific Basin were down 18 per cent to A$186m, largely because of subdued economic activity in Australia. News Corp has merged some newspapers and raised advertising rates, but the outlook continues to be subdued.

In the UK, News Corp's operating profits dropped 51 per cent to A$36m, in spite of a 52 per cent increase in its revenue to A$1.2bn.

The group said continued industry-wide declines in advertising revenue affected newspaper results, although operating profits for the Sun and the News of the World, the UK's biggest selling daily and Sunday newspapers, were only marginally lower.

The Times and the Sunday Times, which are more dependent on advertising revenue, suffered bigger falls in profitability, the group said.

News Corp has delayed a decision on the interim dividend until after a shareholders' meeting in March which will vote on plans for a dividend investment and bonus share scheme announced earlier this month.

Norsk Hydro up slightly to end year at NKr2.9bn

By **Karen Fossli** in Oslo

NORSK HYDRO, Norway's largest publicly-quoted company, yesterday announced a rise in net profits to NKr2.9bn ($510m) for 1990 from a corresponding NKr2.7bn. The improvement reflected high crude oil prices, although this boost was partly offset by the US dollar's relative weakness against the krone.

Hydro said a NKr340m decline in financial costs, combined with a NKr37m gain, also improved the year's result. Group operating revenue fell NKr5.4bn to NKr61bn due to a drop in operating revenue in all of the group's four divisions, as well as partial divestment in Dyno Industrier, the Norwegian chemicals and explosives company.

The board, however, is proposing to increase its dividend to NKr4.25 a share compared with NKr4 in 1989.

Group operating income fell by NKr250m to NKr6.75bn, despite a NKr499m improvement in fourth-quarter operating income by the four divisions, to NKr2.1bn.

Hydro has reduced to 41 per cent its stake in Dyno Industrier, which had earlier been consolidated in its accounts. In 1989, Dyno contributed NKr434m to the operating income for the agriculture division and NKr6.2bn to operating revenue. Hydro's share of Dyno's result is now included in equity in net income of consolidated investee companies.

Fourth-quarter operating revenue dipped to NKr16.6bn from NKr17.3bn in 1989. One division, oil and gas, rose NKr402m. Hydro said the realised and unrealised effects of foreign exchange movements in 1990 resulted in a gain of NKr192m, compared with a loss of NKr377m in 1989.

On a divisional breakdown, agriculture was down slightly with operating income of NKr1.29bn against NKr1.39bn in 1989. In the fourth quarter, the figure was up NKr94m to NKr572m. Hydro attributed the improvement to cost reductions and said it reflected a better balance in fertiliser markets which led to rising prices for products.

The oil and gas division, the group's best performer, lifted operating income by NKr874m to NKr3.3bn, despite a decline in production from the troubled North Sea Gullfaks oil field and the Frigg gas field.

The light metals division saw operating income in 1990 cut by NKr1.06bn to NKr1.28bn because of weak prices for aluminium and magnesium. Operating income from petrochemicals fell to NKr1.01bn from NKr1.02bn.

LVMH earnings advance 15%

By **George Graham** in Paris

LVMH, the French drinks and luxury goods group, expects to report a 15 per cent profits increase for 1990, taking net earnings above FFr3.3bn ($666m).

The group said comprehensive hedging of its foreign exchange exposures had enabled it to offset the effect of the decline in the dollar, the yen and the pound, the three main currencies which affect its fortunes.

Had it not been for the drop in these currencies, net earnings would have shown an increase of about 40 per cent, LVMH claimed, despite an advance of only 1 per cent in group sales to FFr19.8bn.

These weak sales figures are expected to be reflected throughout the French luxury goods sector, which is 75 per cent dependent on foreign currency sales and heavily exposed to the 40 per cent collapse in duty-free shop sales. Mr Christian Blanckaert, director of the Colbert Committee, which groups into one lobby, the leading jewellery, perfume, and haute couture houses of Paris, has forecast stagnation for most of the sector.

LVMH said its sales would have risen by 11.5 per cent if exchange rates had remained stable last year, but the dollar slipped by 14 per cent against the French franc and the yen by 18 per cent. The pound – in which the group's earnings from its 24 per cent stake in Guinness, the UK drinks group, are denominated – also fell 7 per cent.

Sales remained flat at FFr5.15bn in the champagne and wine sector, where LVMH is market leader with brands such as Möet et Chandon, Veuve Clicquot and Pommery, recently acquired from BSN for FFr4.1bn. The cognac division, including the Hennessy brand, also saw sales stagnate at FFr5.07bn.

The luggage and leather goods division, including the troubled Louis Vuitton company, recorded a 5 per cent drop in sales to FFr4.45bn. Only the perfume and beauty products division, including Christian Dior perfumes, saw sales increase, with a 4 per cent advance to FFr4.65bn.

Despite the weakness of the yen and of the dollar, the Far East remained strong, accounting for 35 per cent of group sales last year. In yen terms, sales in Japan advanced by 34 per cent.

Wallenbergs in loss after SKr4bn move to block raid

By John Burton in Stockholm

INVESTOR and Providentia, the two main investment companies used by the Wallenberg family to control their extensive Swedish industrial empire, yesterday reported a combined loss of almost SKr1.7bn ($312m) for 1990.

The loss was blamed on the SKr4bn effort to block a greenmail raid on Saab-Scania, a key Wallenberg company, by Swedish financier Mr Sven-Olof Johansson last year.

Despite the loss, the two investment companies proposed higher dividend payments, with Investor raising its dividend per share to SKr4.30 from SKr3.40 and Providentia to SKr4.15 from SKr3.30.

Investor's loss amounted to SKr1bn, compared with a profit of SKr471m in 1989, while the deficit at Providentia was SKr665m compared with a profit of SKr376m a year earlier.

Profits were also harmed by falling share prices on the Stockholm bourse last year, its worst this century. The value of shareholdings held by Investor was cut by 25 per cent to SKr15.9bn, while those held by Providentia fell by 31 per cent to SKr11.5bn.

Alan Harper

Peter Wallenberg: 'We will come to sell more companies'

The poor stock market conditions added to the companies' woes since they make their profit from share deals rather than dividend income, which they must redistribute to their shareholders to preserve their favourable tax status.

The Wallenberg family, headed by Mr Peter Wallenberg, has about 30 per cent of the capital in the investment companies. Investor and Providentia increased their short-term debt burden to SKr14.3bn from SKr3.8bn in 1989 to eject Mr Johansson from Saab-Scania and increase their shareholdings in other companies.

But they have been forced to sell other stakes, including their interest in Alfa-Laval, the Swedish food processing equipment maker, to Tetra Pak, the Swiss liquid packaging concern, to finance interest payments.

"We will come to sell more companies although we plan to buy into others," Mr Wallenberg said this week.

Strong sterling knocks BOC results down £10m to £71m

By Clare Pearson in London

FIRST-quarter results for BOC announced yesterday showed that the industrial gases and health care group had been hit hard by sterling's exchange-rate strength.

The company said currency effects cost the company £10m ($20m), accounting for the whole of a £10m decline in pre-tax profits from £81.5m to £71.4m during the three months to end-December 1990.

By contrast, translations at constant rates of exchange would have resulted in a 5 per cent rise in operating profits during the period, the company said.

Yesterday, the shares rose 4p to close at 540p in London.

The reported group operating profit was £89.4m, compared with £97.3m last time. Mr Richard Giordano, chairman, had warned shareholders of the adverse effects of currencies at BOC's annual meeting last month.

Yesterday, Mr Giordano stressed that in real terms the group's businesses had managed to grow despite difficult trading conditions around the world.

Based on average exchange rates, the value of US and Australian dollar were 22 per cent less favourable compared with the same period last time and the yen 12 per cent down.

But the company said the adverse effect of currencies was exacerbated by the fact that it had done more hedging in the comparable period.

BOC also suffered a higher interest charge in the first quarter after it increased borrowings to buy out the minority shareholders in an Australian subsidiary.

The charge rose to £18m compared with £15.8m last time.

Group turnover fell to £649.9m, compared with £696m last time.

After a tax charge of 34 per cent, up from 29 per cent, earnings per share fell to 9.29p compared with 11.31p last time.

The higher tax charge, which resulted partly from the higher Australian component in profits, in local currency terms, was not expected to persist for the year as a whole.

Lex, Page 18

Cir to post sharp cut in profits after Cerus loss

By Haig Simonian in Milan

CIR, the diversified holding company controlled by Mr Carlo De Benedetti, will report a deep cut in group net profits to about L60bn-L80bn for 1990, according to estimates.

The fall, from group net earnings of L181.4bn ($166m) in 1989, is primarily the result of the loss taken by Cerus, Mr De Benedetti's French holding company, on the sale of its 9.96 per cent stake in Société Générale de Belgique.

That transaction resulted in a loss of about FFr1.2bn ($243m). Cerus's total loss for 1990 will be about FFr2.2bn including financing costs and write-offs on investments.

Cir said that the sale of the Cerus stake in La Générale would reduce group net indebtedness to less than L400bn from about L800bn, excluding convertible bond issues.

Mr De Benedetti also says that 1990 earnings at Olivetti, the computer and office equipment group controlled by Cir, will be about $100m.

Also, meetings have taken place between representatives of Cir and Mr Silvio Berlusconi, the Italian media magnate, about Mondadori, the Italian publishing group.

Negotiations included at least one session between Mr De Benedetti and Mr Berlusconi. But Cir says it is going ahead with its appeal against a Rome court decision giving Mr Berlusconi the advantage.

Rise at BNL 'answers critics'

By John Wyles in Rome

BANCA NAZIONALE del Lavoro, Italy's largest state-owned bank, yesterday reported a 46 per cent rise in provisional gross profits, after special provisions, to L720bn ($658m) in 1990.

Total deposits rose 7.6 per cent to L88,668bn and loans by 22 per cent to L38,798bn. Mr Giampiero Cantoni, president, said the figures showed that BNL had the will and capacity to renew itself and were an answer to its detractors.

Recession hurts British Telecom

By Jane Fuller in London

BRITISH TELECOM, the biggest UK telecommunications operator, has lifted third-quarter pre-tax profits by 13.3 per cent to £787m ($1.6bn) from £695m.

But the deepening UK recession took its toll, and revenues from international calls fell for the first time since records started more than 20 years ago.

The higher third-quarter profits were achieved partly through a £39m fall in the net interest bill to £93m. For the first nine months of 1990-91, taxable profit was £2.32bn against £2.01bn, a rise of 15.4 per cent.

The figures benefited from continued cost-cutting. A further 5,100 UK jobs went in the third quarter on top of the 5,500 shed in the previous six months, leaving a total workforce of 234,500 at the end of the year.

The decline in international revenue, in the three months to December 31, was small, to £447m from £456m. It follows a cut in the price of international calls last September which BT says wiped out slow volume growth.

With Oftel, the industry regulator, proposing a cap on the price of these calls, BT says its "self-imposed caps" led to a fall in prices of 11 per cent last year.

Pricing is an area of concern for BT arising from the government's review of the duopoly it shares with Mercury Communications. BT says it will welcome more competition, but is concerned that new rivals will go for the services with the highest margins.

Mr John Doherty, investor relations manager, said calls subsidised line rental charges by £2bn a year. "The standing charge that goes on bills is horrendously loss-making," he said. BT wanted to be allowed more freedom to raise these charges.

Price increases were being concentrated on lossmaking services. Quarterly income from line rental rose by nearly 17 per cent to £498m from £426m.

Sales growth, running at 8.8 per cent in the first half, slowed to less than 6.5 per cent, making £3.28bn against £3.08bn for the quarter. Operating profit increased at a similar rate to £880m from £827m, compared with an interim improvement of 14.3 per cent.

Revenue from inland calls increased by 5.7 per cent to £1.29bn from £1.22bn. But volume increased by less than 2 per cent during the quarter.

Earnings per share rose to 8.5p against 7.6p, giving a nine-month total of 25p compared with 21.7p.

Mr Doherty said the bottom-line performance was good, bearing in mind the slackening growth. It reflected tight financial control.

The share price on the International Stock Exchange in London gained 5p to close at 300p.

Lex, Page 18

Restructure holds back Poulenc

RHONE-POULENC Rorer, the pharmaceuticals company Formed last July when the French state-owned chemicals group took control of the US drug producer, made a small profit after heavy restructuring costs in 1990, writes William Dawkins in Paris.

The group reported more than doubled sales of $2.9bn for the year, against the $1.2bn recorded by Rorer in 1989, before the French takeover. The comparable rise in sales was 19 per cent, or 8 per cent if the impact of currency changes is also stripped out.

Net income collapsed from $85m to $1m, after $289m in restructuring costs and a $79m one-off gain from the sale of non-strategic assets.

"We are already seeing the expected benefits of the merger and have achieved our objective of breaking even in 1990," said Mr Robert Cawthorne, group chairman.

Fully-diluted earnings per share collapsed from $2.43 in 1989 to a mere 2 cents last year, although the group is still increasing its dividend by 3 cents to 84 cents a share. The number of shares in issue rose over the same period, from 43.9m to 67.3m.

Sales in the final three months rose 5 per cent over the same period last year, but they represented a significant slowdown on the previous quarter.

Italian sports company buys ski manufacturer

By Haig Simonian

NORDICA Sportsystem, the expanding Italian sports group best known for its ski boots, has bought Kästle, the Austrian ski manufacturer, in a further rationalisation of the troubled ski equipment business.

Nordica, which is controlled by Edizione Holding, the ultimate holding company of Italy's Benetton family, did not reveal the value of the transaction. However, it said that Kästle, which produced 280,000 pairs of skis worth some L40bn ($36.5m) last year, was the world's ninth biggest ski maker.

Based in Austria, Kästle is a subsidiary of Fischer, another big Austrian ski manufacturer.

No reasons for Fischer's decision to sell were disclosed. However, analysts suggested that Fischer, which is the world's fifth biggest ski maker, may have wanted to concentrate on its own brand.

Business links between Kästle and Nordica, which has been in talks to acquire a ski manufacturer for some time, have been strengthening following Nordica's agreement three years ago to distribute Kästle skis in Japan.

Nordica itself exports 65 per cent of its production to Japan and the US, and expects to report a 10 per cent rise in sales to L300bn for 1990.

Den Danske Bank slides into Kr1.17bn deficit

DEN DANSKE Bank, created last year through the merger of Den Danske Bank, Copenhagen Handelsbank and Provinsbanken, slid into the red in 1990 following a doubling of the group's loan loss provisions, writes Hilary Barnes in Copenhagen.

The bank, with total assets up by Kr1.6bn to Kr388.9bn ($69bn), made a loss of Kr1.17bn compared with a profit of Kr768m in 1989.

An unchanged 16 per cent dividend was proposed and, despite the loss, the solvency ratio according to the new Basle rules was 11.5 per cent, well over the 10 per cent minimum demanded by the Danish authorities.

Operating profit was up from Kr4.1bn to Kr4.25bn.

Securities sales boost Bergesen

BERGESEN, a leading shipowner and operator, almost doubled profits last year to a record NKr925m ($163m) from NKr562m in 1989, writes Karen Fossli.

The increase was due mainly to net financial income of NKr433m, of which NKr424m was profit on sales of securities. However, Bergesen warned that the operating profit could be reduced in 1991 and that the company did not expect big profits on shareholdings this year.

Group operating revenue increased by NKr108m to NKr2.446bn, while operating profit, before depreciation costs, rose by NKr124m to NKr933m.

Shipping operations generated an operating profit, before depreciation, of NKr921m, a rise of NKr155m.

Bergesen said that in 1990 the value of its fleet declined by NKr2.03bn to NKr7.19bn, mainly because of a 20 to 30 per cent fall in the value of tankers and dry cargo vessels, while there was little change in the value of carriers of liquefied petroleum gas (LPG).

The Gulf war had had little effect on shipping traffic, according to the company. However, it warned that fluctuations in fuel prices and war risk premiums would affect earnings.

INTERNATIONAL COMPANIES AND FINANCE

CBS cuts annual dividend by 77%

By Alan Friedman *in New York*

CBS, the US media group controlled by the Tisch family, said it would cut its annual dividend by 77 per cent, from $1.10 to 25 cents.

The announcement came as CBS revealed a $156m loss for the fourth quarter of 1990 and a 63 per cent fall in net income for the whole of 1990, to $110.8m.

Mr Lawrence Tisch, the CBS chairman whose Loews Corporation owns 23 per cent of the company, also forecast an operating loss for CBS in 1991.

The Loews Corporation, 27.4 per cent owned by the Tisch family, disclosed a 38.9 per cent drop in net income for the fourth quarter of 1990, to $116.8m. Exclusive of securities dealings the fourth quarter revenues dropped by 14.5 per cent, to $173.3m.

Loews, which has interests in insurance, media, shipping, watches and other businesses, suffered an 11.3 per cent drop in 1990 net income, to $804.7m. Full year revenues were $12.6bn, compared with $11.4bn in 1989.

Compounding a difficult day for Tisch was the news from CBS yesterday that Mr Tom Bettag, executive producer of the network's flagship CBS Evening News programme, had been replaced "effective immediately". The CBS news show has been eclipsed by other networks in the coverage of the Gulf war.

Mr Tisch attributed the CBS dividend cut to the need to preserve cash in the light of the recent $2bn share buyback of nearly half the outstanding stock in CBS. He said the share repurchase – estimated to have netted nearly $500m for his family holdings – had caused the company to suffer a "lower level of ongoing earnings from interest income".

The CBS fourth-quarter deficit was caused partly by a $55m after-tax loss relating to its baseball broadcasts and a $115m provision for future *losses.*

Mr Tisch, who stepped in to take over as CBS chairman last October when Mr William Paley, the founder, died, was bearish about the network's prospects. He said weak unit prices for advertising affected the network and the growth of both cable and "a fourth broadcast network" had put downward pressure on pricing.

The new CBS chairman said *the Gulf war and US recession* are "suppressing the company's sales and earnings". He said many advertisers had refused to run their commercials during special news coverage of the war, while the costs of covering the war had risen.

For the whole of 1990 CBS's *net sales rose by 10 per cent to* $3.26bn. The company suffered an operating pre-tax 1990 loss of $49.8m, compared with $273.8m profit in 1989. It was only due to interest income that CBS was able to stay out of the red for the whole of 1990.

Loews, meanwhile, suffered a *sharp drop in 1990* net income - from $475m to $254.2m - in its property and *casualty insurance division.*

McCaw loss increases to $149m

By Karen Zagor

McCAW Cellular Communications, the biggest US provider of cellular telephone services in which British Telecom *has a 20 per cent stake*, has unveiled an increased loss in the fourth quarter. The loss *deepened to $148.8m, or 86* cents a share, from $58.4m, or 39 cents, a year ago. Revenues advanced to $299.3m from $152.1m.

McCaw, which spent $3.4bn in March to raise its stake in LIN Broadcasting *to 52* per cent, attributed the deterioration to the consolidation with *LIN's results and increased* interest expense resulting from the acquisition.

McCaw's income from operations before depreciation and amortisation rose to $94.6m from $19.6m.

For the year, McCaw had net income of $562.3m, or $2.97 a share, on revenues of $1.04bn compared with a net loss of $288.5m, or $2.07, on revenues of $504.1m in 1989.

McCaw, which has recently made other costly acquisitions, said its long-term debt and *mandatory* repurchase obligation was $3.57bn against $1.79bn a year earlier. McCaw also had $1.72bn in long-term debt associated with LIN Broadcasting. LIN yesterday reported a fourth-quarter net loss of $54.4m, or $1.06 a share, on revenues of $106m against a net loss of $15m, or 28 cents, on revenues of $69.9m the previous year.

Flood of red ink confirms Detroit's dire straits

***By Alan Friedman** in New York and **Kevin Done** in London*

YESTERDAY'S flood of red ink from Detroit was not so much a surprise as a confirmation of the dire state of the US motor vehicles industry.

While Chrysler, the third biggest US carmaker, managed a $31m net profit for the final quarter of 1990, General Motors, the market leader, suffered a fourth-quarter loss of $1.6bn, compared with a fourth-quarter profit of $700m. Ford disclosed a $519m quarterly deficit, against a $314m net profit in 1989.

During the fourth quarter of 1990, *GM's sales totalled* $29.9bn, down by 4.7 per cent year-on-year. Worldwide factory sales to GM dealers totalled 1.7m units, a 9.9 per cent decrease on the 1989 period. North American unit sales were 17 per cent lower.

Ford's fourth-quarter sales were unchanged at $24.2bn, while automotive sales were 1.4m units, down by 116,000.

GM said its North American auto operations were in loss in 1990, reflecting the impact of lower sales, a product mix that moved toward lower-priced models, intense competition, and the special third-quarter $2.1bn restructuring charge. Its US car market share rose marginally to 35.6 per cent from 35.2 per cent in 1989.

In the US alone, the group made a net loss for the year of of $4.57bn, including the restructuring charge.

Outside the US market, GM earned $2.4bn, with GM Europe *achieving* record financial results despite losses at its new joint venture with Saab. Severe economic conditions in Brazil significantly reduced net income in Latin America.

While the US vehicles business suffered, GM's three main subsidiaries – General Motors Acceptance Corporation (GMAC), Electronic Data Systems (EDS) and GM Hughes Electronics Corporation (GMHE) reported substantial 1990 profits.

GMAC earned $1.2bn, up from $1.1bn in 1989. EDS reported record 1990 earnings of $497m, up from $435m. GMHE earned $726m, down from $781m in 1989.

Ford said profits from its worldwide auto business *crashed by $3.1bn to just* $99m in 1990, on sales of $81.8bn, down from $82.9bn in *1989.*

In the US, Ford's car operations lost $17m in 1990, compared with 1989 earnings of $1.1bn; the company's share of the US car market dropped 1.3 percentage points to 21.1 per cent. Auto profits outside the US fell from $2.1bn in *1989 to* $116m. In Europe, Ford claimed a car market share only 0.1 *percentage points lower* at 11.8 per cent. Ford's European truck market share was reported to be 11.1 per cent, down by 0.8 percentage points.

Campbell Soup books record second quarter

By Patrick Harverson in New York

CAMPBELL Soup, the big US foods group which has undergone a significant restructuring in the past year, yesterday announced record second-quarter earnings, *aided by a strong* jump in profits from international operations.

In the three months ended January 27, Campbell said, earnings were $135.3m, or $1.07 a share.

In the same quarter a year ago, the group earned $105.2m, or 81 cents a share.

The rise in earnings was achieved in spite of a modest gain in sales, which rose to $1.77bn, up from $1.72bn a year ago.

Excluding divested and discontinued businesses, sales rose 6 per cent in the quarter.

With the help of favourable movements in exchange rates, the group's *international* division reported a 70 per cent rise in quarterly operating earnings to $14.8m.

Campbell's UK operation contributed to the increase with a return to profitability after a loss in the second quarter last year. In its domestic market, Campbell reported a 28 per cent increase in earnings to $220.9m for the North America *division, with strong performances* turned in by soup, frozen convenience meals, grocery and Canada.

The stock market welcomed the figures, although the sharp jump in the share price in recent days limited yesterday's gain to a rise of $⅝ to $69⅞ at midday.

Ms Nomi Ghez, food analyst at Goldman Sachs, commented yesterday: "This was a surprisingly strong quarter which clearly demonstrates that the company has turned around and is focusing on profitability."

She has raised her full-year forecast for Campbell from $3 a share to $3.20.

In the half-year, Campbell lifted net income to $240.4m *from $188.2m*, or $1.89 a share against $1.45. Revenues advanced to $3.37bn from $3.25bn.

Colgate in 19% surge to $74m

By Karen Zagor
in New York

COLGATE-Palmolive, the second biggest US manufac*turer of detergents* and other household products, yesterday turned in a 19 per cent improvement in fourth-quarter net earnings of $73.5m, or $1.03 a share, against $62m, or 87 cents, a year ago. Sales rose 15 per cent in *1990* to $1.48bn from $1.29bn.

In the quarter, earnings *before interest and taxes* surged 33 per cent, excluding a one-time gain from real estate in 1989. For the full year, net income rose 15 per cent to $321m, or $4.56 a share, from $280m, or $3.97, on sales which grew 13 per cent to $5.69bn from $5.04bn in 1989.

Mr Reuben Mark, chairman *and chief executive, said the* fourth-quarter results were "particularly encouraging because it was achieved at the same time that we increased advertising expenditures worldwide".

Minorco shakes up Inspiration

By Kenneth Gooding,
Mining Correspondent

THE shake-up of companies under the control of Minorco, the overseas investment arm of *the Anglo American Corporation* of South Africa, continued yesterday as the group turned its attention to Inspiration Resources, its poorly-performing, 56 per cent-owned diversified North American arm.

Inspiration will give up its coal business at a cost of $78m, would implement $20m of cuts and suspend its quarterly 3 cents a share dividend from the fourth quarter of 1990. The *company*, set up in 1983, *paid* its first dividend in 1989.

Inspiration has also revised its bank credit line from $75m to $40m.

Inspiration will focus on its Terra International agricultural products and services business, and the Hudson Bay Mining and Smelting base *metal operations. It wrote off* its gold operations, taking a charge of $16.5m, in the third quarter last year.

Inspiration yesterday reported a 1990 fourth-quarter net loss of $115.4m, or $1.74 a share, on revenues of $217m compared with a net loss of $2.4m, or 4 cents, on revenues of $218.5m in the corresponding period of 1989. The 1990 quarter included a $78m charge relating to the coal business and a $12m relating to cost-cutting. For 1990 as a whole, Inspiration recorded a net loss of $108.5m on revenues of $1.4bn against a net profit of $25.2m on revenues of $1.4bn.

INTERNATIONAL COMPANIES AND FINANCE

Fletcher Challenge earnings fall

By Terry Hall in Wellington

A TOUGHER climate in Canada, Australia and New Zealand for the operations of Fletcher Challenge, the diversified New Zealand conglomerate, led to a 17.7 per cent drop in operating earnings to NZ$654m (US$394m) in the six months to December 31.

However, after extraordinary items, net earnings emerged at NZ$376.3m, a rise of 9.4 per cent. These items resulted from the sale of Fletcher Fishing and previously unrecognised tax benefits on the purchase of BP's stake in the Maui gas field in New Zealand, and totalled NZ$51.8m, compared with a loss of NZ$17.4m in 1989.

The earnings figure was also greatly assisted by a tax bill of only NZ$900,000, against NZ$105.3m, while investment earnings were NZ$8.9m compared with NZ$15.9m. Turnover rose 3 per cent to NZ$6.77bn from NZ$6.59bn.

The company's recent expansion in the energy sector, after the takeover of Petrocorp in 1988, continued to provide a balance against the down cycles in FCL's other core business areas: the building, pulp, paper and primary industries.

Earnings from wood products and forestry were NZ$68m, down from NZ$76.2m, with losses on north American lumber markets. Tasman Forestry experienced strong markets for export logs.

Earnings from paper were NZ$27.9m, compared with NZ$30.7M, and a fall in profits from market kraft pulp to NZ$47.9m from NZ$80.2m was due to declining world prices and lower production at the Canadian plant.

Sharply reduced activity and lower prices for wool, dairy and horticultural products in the rural sector, totalled NZ$36.2m against NZ$61.5m), while the rural bank earned NZ$40.2m compared with NZ$53.3m.

Deteriorating conditions in the building industry in Australia and New Zealand saw this division lose NZ$11.3m, compared with a profit of NZ$14.4m, although conditions were "somewhat better" in the western US, south-east Asia and the Pacific. The New Zealand division contributed NZ$5.6m against NZ$14m.

Hugh Fletcher: difficult trading conditions

FCL made a loss of NZ$31m in its corporate and investments division. Mr Hugh Fletcher, chief executive, said a NZ$38m gain on the sale of the CSR shareholding during the year for NZ$339m was offset by provisions for losses on other portfolio investments and funding and administrative costs.

Asset sales in the half-year totalled NZ$864m, bringing the total since July 1 1988 to NZ$1.8bn.

Mr Fletcher said that difficult trading conditions were applying to all the company's operations except energy and forestry. Assuming that no net extraordinary items arose in the second half, the company would be doing well to match last year's earnings of NZ$662m.

He said the company was in the process of withdrawing from commercial property ownership, reducing to minority ownership in shopping centres, reducing its involvement in north American solid wood products, and forming joint ventures for its New Zealand chain of Placemakers building supply stores. It was also introducing international and retail investors into its New Zealand gas distribution business, the natural gas corporation.

The company is making an unchanged interim dividend of 11.5 cents a share, on earnings per share of 27.9 cents against 29.7 cents. Asset backing per share was NZ$3.64 compared with NZ$3.48.

Write-offs put Chase AMP Bank in red

By Kevin Brown in Sydney

CHASE AMP BANK, a joint venture between Chase Manhattan Bank of the US and the AMP Society, Australia's biggest insurance group, yesterday announced a net loss of A$150m (US$117m) for the year to December, after writing off bad debts of A$132m.

The result compares with a net loss of A$30m for the previous year and reflects the difficulties facing the 15 overseas banks given foreign banking licences after the deregulation of the Australian industry in 1984.

The result is also in line with the experience of the four leading Australian banks, all of which announced disappointing profits for the year to September following aggregate write-offs of A$3.5bn.

Chase Manhattan and AMP said they remained confident for the future of the bank, which they regarded as "a long-term investment requiring patience and perseverance in Australia's highly competitive environment".

The shareholders said the abnormal losses were "disappointing" but had not impaired the sound financial structure of the bank, which had achieved profitable results in several core businesses, including risk management, corporate transaction lending and mortgage lending.

The bank was restructured last year following a detailed review of its future by Chase Manhattan and AMP. The bank announced 75 redundancies in December following an infusion of fresh capital from the shareholders.

Chase AMP said its provisions for bad and doubtful debts had increased steadily during the year as the Australian recession had deepened and the recovery prospects of troubled corporate borrowers had deteriorated.

The bank said 45 per cent of the bad debt provision related to two loans, with the largest loss arising from its exposure to the crashed Qintex Australia group.

The bank said it had reduced its asset base to A$2.9bn from A$4.1bn to conserve capital and to ensure it had sufficient resources to overcome the uncertainties surrounding the Australian and world economies.

Mr Lynn Anderson, managing director, said the bank's capital base of A$207m at the balance date represented 8.85 per cent of risk-weighted assets, in excess of the capital adequacy ratio of 8 per cent required by the Reserve Bank of Australia.

The result was "disappointing but not unexpected given the deepening recession and the pace of change in the financial services industry," said Mr Anderson.

"We firmly believe that we had to take tough action on a portion of our loan portfolio, despite the fact that this would mean a disappointing net result.

"We have been identifying and provisioning for our non-performing corporate loans on a continuous basis during the last 18 months. This action combined with our recent restructuring and the improving profitability of our core business should provide a solid base for future earnings."

Consumer credit helps Wooltru to raise sales

By Philip Gawith in Johannesburg

WOOLTRU, the South African retail and wholesale group with interests in the food and clothing sectors, profited from consumer credit spending to overcome a slowing economy and post increased sales and profits in the six months to the end of December.

Turnover rose 24 per cent to R1.69bn ($676m) from R1.36bn, and pre-tax income was 20 per cent up at R149.3m against R124.8m. Attributable income was 19 per cent higher at R76.8m against R64.4m.

The directors noted that consumer spending had been depressed by the slow economy. However, consumers had taken advantage of freely available credit.

Woolworths, the group's flagship store selling food and clothing, saw sales increase 18 per cent. Food sales were buoyant, increasing 28 per cent, in part due to the opening of food-only outlets. Clothing sales increased by 13 per cent. The managers said profits were "modest", reflecting trading circumstances.

All divisions of Speciality Retail Group, the fashion arm of Wooltru, performed well. Profit increases were greater than sales rises, which grew by 25 per cent.

Makro, the group's wholesale operation, increased sales by 34 per cent.

Earnings per share increased by 19 per cent to 220.7 cents from 185.1 cents. The dividend was lifted 20 per cent to 77 cents per share from 64 cents.

S African leisure group up 19% on growth at casinos

By Philip Gawith

KERSAF INVESTMENTS, the South African leisure and entertainment group, profited from a good performance at its Sunbop subsidiary to record a 19 per cent increase in earnings in the six months to the end of December.

Turnover rose 12 per cent to R904.1m ($359m) from R804.7m. The 1989 results included an extraordinary gain.

Net profits rose 19 per cent to R185.1m and attributable earnings were 19 per cent higher at R75.8m.

Mr Buddy Hawton, chairman, said Sun International's resort hotels, located in surrounding homelands, experienced a decline in number of visitors. The average room occupancy for the period – 71 per cent – was 3 percentage points down on last year, although above the 60 per cent average for the 3, 4 and 5-star sector in the local market.

Mr Hawton said Kersaf's casino revenues were up 23 per cent on the previous year. Many South Africans travel to these hotels to gamble as it is illegal in South Africa. Sunbop, whose interests include Sun City and seven other hotels in Bophutatswana, lifted attributable earnings 22 per cent to R89.2m.

Transun, which holds Kersaf's Transkei interests, was hit by higher gaming levies with attributable earnings only 7 per cent higher at R26.4m.

Earnings per share were 19 per cent higher and the dividend was lifted 16 per cent to 58 cents a share.

Profits rise for BTR Dunlop

By Philip Gawith

BTR DUNLOP, the rubber manufacturer controlled by the British company, overcame recessionary conditions in the building industry and a decline in new vehicle sales to increase attributable profits by 21 per cent in the year to December.

Sales rose by 11 per cent to R700.8m ($278m) from R631.8m, despite a decline in sales volume owing to conditions in the building industry and the 5 per cent decline in new vehicle sales during 1990.

Trading profits rose 21 per cent to R134.2m from R110.9m.

Mr Clive Hooper, managing director, said that although the company had been affected in the second half of the year by cuts in the mining industry, these had been offset by the Industrial Products Division winning the contract for 42km of steel belt, the longest made in South Africa.

The company expects 1991 to be a year of consolidation. Earnings per share rose 20 per cent to 372 cents from 310 cents and the dividend was lifted by 18 per cent to 165 cents per share from 140 cents.

INTERNATIONAL CAPITAL MARKETS

German issues rally almost a point after leaked report

By **Tracy Corrigan** in London and **Patrick Harverson** in New York

THE GERMAN bond market rallied nearly a full point yesterday on speculation that German bund issuance may be lower than expected.

The market firmed on a leaked report in a German newspaper that Mr Theo Waigel, the German finance minister, plans tax increases to fund the Gulf war.

The implication that this would reduce the Bundesbank's funding needs – especially if the concept were extended to include the economic regeneration of eastern Europe – was seized by traders. The market's firm tone prompted fresh international buying.

Mr Steve Major, an analyst at UBS Phillips & Drew, said the market is again looking overbought and vulnerable to profit-taking by US investors, who have been active in the market this year, but could start to get nervous about potential currency losses.

In addition, any tax increases would feed through into the German inflation rate, potentially delaying any lowering of interest rates.

The bund contract on the London International Financial Futures Exchange closed at 85.97, up from an opening level yesterday of 85.11 and rose further in after-hours trading to 86.07.

■ IN THE UK, gilts prices were given a boost by the strong performance of the German market.

But traders said the latest set of UK economic data, including a lower-than-expected increase in the unemployment rate, did not suggest a further interest rate reduction would be forced quickly.

The effect of any disappointment was muted, as dealers are still focusing on today's retail prices data. Some hope that Wednesday's half point base rate cut will be justified in retrospect by a fall in the retail price index below 9 per cent.

The gilt futures contract on *Liffe* ended at 93$\frac{12}{32}$, up from Wednesday's close of 93$\frac{1}{16}$, but off earlier highs.

■ *TRADING was again light in* the US government bond market yesterday, with dealers and investors sitting on their hands until today's important economic data is released.

In late trading, the benchmark 30-year Treasury bond was down ¼ at 98$\frac{13}{32}$, yielding 7.974 per cent. At the short end of the market, the two-year government issue was up $\frac{1}{32}$ at $\frac{7}{32}$, to yield 6.738 per cent.

The firmness of shorter paper suggested the market is expecting a lowering of short-term interest rates soon, while futures-led selling took the shine off the long end.

The key statistics due out today are the January producer price index, which analysts expect to be virtually unchanged, and January industrial production, which is expected to show a decline of 0.7 per cent. The trade balance for December and capacity utilisation for January will also be reported today.

For the third day this week, the Fed intervened in the credit markets, this time via five-day system repurchase agreements. After the Fed's operations, designed to keep the fed funds rate at or below its target of 6¼ per cent, fed funds fluctuated either side of the target to stand at 6¾ per cent in late trading.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	103-26	+01/32	10.84	11.03	11.58
		9.000	03/00	94-23	+07/32	9.90	10.02	10.59
		9.000	10/08	94-17	+14/32	9.64	9.76	10.21
US TREASURY *		7.750	02/01	99-23	-04/32	7.79	7.87	8.23
		7.875	02/21	98-24	-09/32	7.98	8.05	8.42
JAPAN	No 119	4.800	6/99	89.8741	-0.022	6.69	6.87	6.94
	No 129	6.400	03/00	100.5202	+0.203	6.31	6.48	6.72
GERMANY		9.000	10/00	104.8300	+1.040	8.27	8.39	8.97
FRANCE	BTAN	9.000	11/95	98.8923	+0.458	9.28	9.52	10.26
	OAT	9.500	01/01	103.1900	+1.000	8.99	9.17	9.95
CANADA *		10.500	03/01	106.0000	+0.300	9.56	9.75	10.31
NETHERLANDS		9.250	11/00	104.2500	+0.770	8.58	8.72	9.27
AUSTRALIA		13.000	07/00	108.3457	-0.122	11.52	11.27	12.34
BELGIUM		10.000	08/00	104.8500	+0.700	9.20	9.06	9.74

London closing, New York closing
Yields: Local market standard
Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

National Grid Company tops risk rating

By **Stephen Fidler**, Euromarkets Correspondent

THE National Grid Company is the best credit risk in the UK's newly-reconstructed electricity industry, while the two generating companies now being privatised are the riskiest parts of the business, according to Moody's Investors Service, the US credit rating agency.

In a report published yesterday, Moody's said the power generating companies, National Power and Powergen, could see their dominant market position being eroded by new gas-fired power stations. They also face heavy costs in order to satisfy obligations relating to acid rain.

In contrast, the agency said the position of the regional electricity companies should remain strong over the next five years. Local electricity distribution is likely to remain a natural monopoly, it says.

But the National Grid Company has the lowest business risk, with its revenues likely to grow steadily because it will not depend on yearly electricity production.

The agency describes government and regulatory support for the National Grid and the regional electricity companies as strong – compared with "very strong" for utilities in Australia, Austria, Canada, Denmark and the US Tennessee Valley Authority. Support for the two generating companies is "moderate", about in line with the US investor-owned utility industry.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. — Closing prices on February 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101¼	102⅛		7.92
ALBERTA PROVINCE 9 3/8 95	600	104⅝	104⅞		8.13
AUSTRIA 8 1/2 00	400	100⅜	100¾		8.44
BANK OF TOKYO 8 3/8 96	100	99¼	99⅝	+⅛	8.58
BELGIUM 9 1/8 92	400	102⅛	102⅝		7.60
BFCE 7 3/4 97	150	97⅞	98¼	+⅛	8.21
BNP 8 5/8 94	300	102⅛	102⅝		7.87
BP CAPITAL 9 5/8 93	150	103	104	-⅛	7.87
CANADA 9 96	1000	104½	104¾		7.88
CARCO 9 1/4 96	650	98½	99⅝		9.59
CCCE 9 1/4 95	300	104½	104⅞	+⅛	7.90
COUNCIL EUROPE 8 96	100	99⅜	99¾		8.13
CREDIT FONCIER 9 1/2 99	300	106	106⅜		8.44
DENMARK 0 98	250	54½	55⅛		8.46
DENMARK 8 1/4 94	150	101	101⅜		7.89
ECSC 8 1/4 96	193	100⅝	101		8.10
EEC 7 1/4 93	250	99¾	100⅛		7.38
EIB 7 3/4 96	250	98⅞	99¼		8.00
EIB 9 1/4 97	600	104¾	105		8.29
ELEC DE FRANCE 9 98	200	103½	103⅞	+¼	8.32
EUROFIMA 9 1/4 96	100	103⅞	104½		8.28
EXPORT DEV CORP 9 1/2 98	150	105⅞	106¼		8.39
FINLAND 7 7/8 97	200	97½	98¼	+⅛	8.42
FINNISH EXPORT 9 3/8 95	200	104½	104⅞		8.16
FORD MOTOR CREDIT 9 1/2 93	300	101⅞	102¼		8.76
GEN ELEC CAPITAL 9 3/8 96	300	104⅞	105¼		8.25
GMAC 9 1/8 96	200	100	100½		9.12
HALIFAX 9 1/2 93	200	103	103⅜		8.01
IBM WORLD TRADE 7 5/8 93	150	98½	99⅛	-⅛	8.23
IND BK JAPAN FIN 7 7/8 97	200	96¾	97¼		8.56
INTER AMER DEV 7 5/8 96	200	97½	97⅞		8.18
ITALY 8 1/2 94	1500	102	102¼		7.84
JAPAN DEV BK 8 94	150	100⅞	101⅜		7.67
KANSAI ELEC PWR 10 96	350	105⅝	106⅛		8.59
LTCB 8 5/8 93	150	101¼	101⅝		8.00
NEW ZEALAND 8 93	100	100⅛	100⅝		7.91
NIPPON CRED BK 9 3/4 93	150	103½	104		8.19
NIPPON TEL & TEL 9 3/8 95	200	104¼	104⅞		8.10
NORDIC INV BANK 9 93	200	103	103¼	+⅛	7.54
ONTARIO HYDRO 11 5/8 94	200	108⅞	109⅞	-⅛	8.15
OSTER KONTROLLBANK 8 1/8 93	200	101¼	101⅝		7.45
PETRO-CANADA 7 1/4 96	200	95⅞	96½		8.24
PRUDENTIAL RLTY SECS 0 99	365.216	50½	51	+¼	9.01
QUEBEC HYDRO 9 3/4 98	150	104⅞	105¼		8.85
QUEBEC PROV 9 98	200	102¼	102¾		8.56
SAINSBURY 9 1/8 96	150	102¾	103⅛		8.47
SAS 10 99	200	99⅞	101	-⅛	10.02
SBAB 9 1/2 95	500	104⅝	105	+⅛	8.16
STATE BK STH AUST 9 1/4 93	100	102¾	103⅛		7.98
SUMITOMO BK CAP MKT 9 3/8 93	150	102⅞	103⅛		8.15
SWEDEN 8 1/8 94	150	100⅜	100⅞	-⅛	8.06
SWEDISH EXPORT 9 5/8 93	100	103⅞	104¼		7.49
TOKYO METROPOLIS 8 1/4 96	200	100¼	100¾		8.18
WORLD BANK 8 3/8 99	1500	100⅞	101⅛		8.40
WORLD BANK 8 3/4 97	1500	103½	103¾		8.17
XEROX CORPN 8 3/8 96	100	95½	96⅛	+⅝	9.42

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	97⅛	97⅝	+⅛	8.94
AUSTRIA 6 98	400	86⅛	86⅝	+¼	8.63
CNT 6 1/8 98	200	86	86	+1¼	8.69
CREDIT FONCIER 6 3/4 99	500	89¼	89¼	+2¼	8.64
DEUTSCHE BK FIN 5 5/8 96	750	88⅝	88¾	+¼	8.36
EEC 5 3/8 93	300	94¼	94¾	+¼	8.80
EIB 6 1/8 96	300	88	88⅛	+1¼	9.02
EIB 6 7/8 95	300	92⅛	92¾		8.97
EUROFIMA 6 1/4 98	400	84¾	84⅞		9.15
FELDMUEHLE FINANCE 8 99	200	94¼	94¾	+¼	8.96
FERRO DEL STAT 5 3/8 93	500	94¼	94¾		8.75
IND BK JAPAN FIN 5 5/8 96	200	86¼	86⅝	+⅛	9.08
INTER AMER DEV 7 1/4 99	300	90⅝	90⅞	+⅛	8.87
LUFTHANSA INT FIN 5 7/8 98	500	84	84		8.98
QUEBEC HYDRO 6 3/4 99	300	86⅝	86⅞		9.15
SWEDEN 6 1/8 98	300	87	87	-½	8.65
WORLD BANK 0 15	2000	17¼	17⅞	+½	7.20
WORLD BANK 5 3/4 96	300	88¼	88¾	+⅞	8.70
WORLD BANK 7 1/8 95	500	94⅞	95⅛	+⅝	8.72

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	90½		+2	6.89
AUSTRIA 4 5/8 98	100	88⅛	89½	-½	6.74
CHUJITSUYA 7 3/4 95	50	102¼			7.14
COUNCIL EUROPE 4 3/4 98	250	88	88¼	-⅛	6.97
EEC 5 1/2 00	100	90	91½		6.94
EIB 5 3/4 93	100	98½	98⅞		6.36
ELEC DE FRANCE 7 1/4 06	100	103½	104	+½	6.87
FINLAND 5 3/8 95	150	94½	96		6.77
GENERAL MOTORS 7 1/2 95	100	102	102½		6.92
JAPAN DEV BK 5 1/2 94	100	96½	97		6.83
NEW ZEALAND 4 7/8 99	200	89	90		6.70
QUEBEC HYDRO 5 08	100	80	81		7.05
SKANDINAVISKA ENSK 6 1/2 95	100	98	99		7.10
WORLD BANK 5 03	150	85½	86½		6.75
WORLD BANK 7 1/4 92	100	100	101		7.20

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	94⅝	94⅞	+⅛	6.84
CANADA 4 3/8 92	80000	96⅝	96⅞	+⅛	7.03
CREDIT FONCIER 5 1/4 94	20000	94½	95	+⅛	6.92
DENMARK 7 95	40000	100⅞	101⅛	+⅛	6.74
EIB 4 5/8 94	40000	93⅜	94	+⅛	6.84
GENERAL ELECTRIC 5 3/4 93	35000	96¾	97¼		7.44
INTER AMER DEV 7 1/4 00	30000	103⅞	104⅛	+⅛	6.67
ITALY 5 3/4 92	150000	98¾	99	+⅛	7.07
KANSAI ELEC PWR 4 5/8 94	60000	93½	93¾	+¼	6.94
NIPPON TEL & TEL 5 7/8 96	50000	96⅛	96⅜		6.66
NORWAY 5 1/8 95	50000	94⅛	94⅝	+¼	6.72
SWEDEN 5 5/8 95	20000	95⅜	95⅞	+⅛	6.82
WORLD BANK 6 3/4 00	50000	101	101¼	+¼	6.60

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	93	94		9.79
KREDIETCORP 7 93 LFr	1000	93⅞	94⅞		9.86
WORLD BANK 8 96 LFr	1000	94½	95½		9.37
AMRO BANK 6 1/4 92 Fl	150	94⅞	95⅝		10.04
RABOBANK 5 3/4 93 Fl	150	92⅞	93⅛		10.05
ALBERTA PROVINCE 10 92 C$	500	100⅛	100⅜		9.81
BCE INC 9 5/8 93 C$	300	98½	99	-⅛	10.38
BELL CANADA 10 5/8 99 C$	150	101	101½		10.42
BRITISH COLUMBIA 9 1/4 93 C$	150	98⅜	98⅞	-⅛	10.15
EIB 10 1/8 98 C$	130	100⅞	101½	-⅛	9.94
FORD CREDIT CANADA 10 94 C$	100	98¼	98¾		10.58
GENERAL ELECT CAP 10 1/4 93 C$	175	100⅞	101⅜		9.81
MONTREAL TRUSTCO 8 1/2 92 C$	100	97¼	98⅛		10.83
ONTARIO HYDRO 10 7/8 99 C$	500	102¾	103⅛	-⅛	10.35
QUEBEC PROV 10 1/2 98 C$	200	100⅛	100⅝		10.46
ROYAL TRUSTCO 10 1/4 93 C$	100	98¾	99¼		10.84
SWEDEN 9 3/4 93 C$	250	99¾	100¼		9.84
AUSTRIA 7 3/8 93 Ecu	125	94⅞	95⅝	-¼	10.29
CNT 7 3/8 93 Ecu	250	93⅞	95	-¼	10.51
CREDIT LYONNAIS 9 96 Ecu	125	95	96⅛	+¼	10.26
DENMARK 7 5/8 96 Ecu	250	90½	91		10.05
EEC 7 5/8 94 Ecu	200	96	96½	+⅜	9.19
EIB 10 97 Ecu	1125	104	104½	+½	9.10
ITALY 10 3/4 00 Ecu	1000	108⅝	108⅞	+⅝	9.30
SWEDEN 7 1/2 93 Ecu	250	92⅞	93⅞		10.70
BMW FINANCE 14 1/2 92 A$	100	101⅞	102⅜		12.57
COUNCIL EUROPE 13 93 A$	50	101	102	+¼	12.40
EKSPORTFINANS 12 3/8 95 A$	75	102⅛	102⅞	+¼	11.60
FORD CRED AUST 13 93 A$	50	100	100⅜	-⅛	12.97
ICI 15 1/2 92 A$	100	103	103¼		12.68
MCDONALDS CANADA 15 95 A$	100	106⅝	107½	+⅛	12.86
NAT AUSTRALIA BANK 14 3/4 94 A$	150	105⅜	106	+½	12.49
STATE BK NSW 14 1/4 99 A$	100	107	107½	-⅛	12.82
VOLKSWAGEN INTL 15 94 A$	100	105¾	106¼		12.64
ABBEY NATL TREAS 13 3/8 95 £	100	105½	106	+¼	11.58
BARCLAYS JERSEY 9 1/2 93 £	250	95⅜	95¾		12.04
BRITISH GAS 12 3/4 95 £	150	105⅛	105½	+⅛	11.09
DEUTSCHE BK FIN 11 94 £	225	99⅝	100		11.14
EIB 10 97 £	300	96¼	97	+¼	10.76
FORD CREDIT FUNDING 9 5/8 93 £	50	94⅜	94⅞		12.71
INTER AMER DEV 11 3/8 95 £	75	101⅞	102⅛	+⅛	10.84
ITALY 10 1/2 14 £	400	95¼	95⅝	+⅜	11.08
LAND SECS 9 1/2 07 £	200	82	82¾	+¼	12.07
LEEDS PERMANENT 9 1/4 93 £	50	94⅝	95⅛	+¼	12.02
NORWAY 10 1/2 94 £	200	98¾	99¼	+¼	11.01
ROLLS-ROYCE 9 5/8 93 £	150	94⅝	95⅛	+¼	12.30
SAINSBURY 10 7/8 93 £	100	98⅜	98⅞	+⅛	11.85
SKANDINAVISKA ENSK 13 1/8 95 £	100	103⅞	105¼	+⅛	11.85
WORLD BANK 11 1/4 95 £	100	101	101½		10.91
ABBEY NATIONAL 0 96 NZ$	100	50⅝	51⅛	+⅛	12.93
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	101¼	102¼	+⅞	12.45
AIDC 7 7/8 93 FFr	600	95⅞	96¼	+⅛	9.69
CREDIT LYONNAIS 10 95 FFr	2000	100½	100⅞	+¼	9.82
EURATOM 7 5/8 98 FFr	500	90⅞	91⅛	+¼	9.38

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.79	99.95	14.1250
ALBERTA PROVINCE 1/32 93	500	99.96	100.08	7.5938
ALLIANCE & LEICS 0.08 94 £	300	99.17	99.26	14.1425
BANCO ROMA 0.03 01	200	89.96	91.21	7.9363
BANCO SANTO SPIRITO 93	200	99.54	99.64	8.4375
BELGIUM 1/16 97 DM	500	99.95	100.07	8.8125
BFCE -0.02 96	350	100.00	100.10	7.7925
BNP 05	300	96.88	97.40	7.4375
BRITANNIA 1/10 96 £	150	98.74	98.87	14.1625
CCCE 06 ECU	200	99.96	100.06	10.0000
CITIZENS FED 0.15 96	100	99.29	99.56	8.2125
COMMERZBK O/S FIN 93	200	99.66	99.76	6.5625
DENMARK -1/8 96	1000	99.08	99.18	8.0000
ELEC DE FRANCE 1/8 99	400	100.04	100.45	8.3750
FERRO DEL STAT 94	200	100.49	100.63	8.2500
HALIFAX 1/10 94 £	200	99.39	99.48	13.6000
HILL SAMUEL 1/4 PERP	75	81.67	84.17	8.5000
MITSUI FIN ASIA 1/8 96	100	98.97	99.09	8.1875
MORGAN (JP) 1/4 97	250	97.88	98.71	8.4375
NAT WEST FIN 3/16 05	400	89.70	90.90	8.3125
NEW ZEALAND 93	500	99.64	99.76	8.0625
QUEBEC PROV 01	300	96.89	97.07	8.1250
RENFE 98	500	99.91	100.01	7.8750
SOCIETE GENERALE 96	300	99.05	99.15	8.0000
STATE BK VICTORIA 0.05 99	125	98.23	98.48	7.8625
UNITED KINGDOM -1/8 96	4000	100.00	100.05	7.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	110⅝	111⅝	+20.42
ASDA-MFI 4 3/4 02 £	100	1.64	111⅜	112½	+43.82
BURTON GROUP 4 3/4 01 £	110	3.15	110¼	111½	
EASTMAN KODAK 6 3/8 01	300	50.67	101½	102½	+10.31
GOLD KALGOORLIE 7 1/2 00	65	1.0554	57¼	58⅝	+45.82
GOODYEAR TIRE 6 7/8 03	150	80¼	60¼	61⅝	
GRACE (WR) 6 1/4 02	150	42⅛	84⅝	85⅝	+21.36
GRAND MET 6 1/4 02 £	100	6.58	110¼	111¼	+1.60
HAWLEY 6 02 PREF	400	1.91	93⅜	95¼	+40.55
HILLSDOWN 4 1/2 02 £	150	4.16	103⅛	104¼	
INTL PAPER 5 3/4 02	200	68½	99½	100½	+10.15
LAND SECS 6 3/4 02 £	84	6.72	90⅝	91⅝	+9.14
MITSUBISHI BK 1 3/4 02	300	2727.1	103	105	-4.51
OGDEN 6 02	85	39.077	74⅛	75¼	+29.46
PACIFIC DUNLOP 6 3/4 97	75	3.749	108⅝	109⅜	-0.21
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	82¼	83¼	+62.30
THORN EMI 5 3/4 04 £	103	7.45	107⅝	108⅜	+24.31

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by Association of International Bond Dealers.

Thomas Labrecque: did not rule out an alliance

Nationwide banking on way in US, says Chase

By **David Lascelles,** Banking Editor

THE US treasury's proposals to reform the US banking system will finally pave the way for a nationwide banking market, according to Mr Thomas Labrecque, the chairman and chief executive of *Chase Manhattan Bank*.

"National banking has to come," he said in an interview in *London yesterday*.

Mr Labrecque said that sufficient consensus now existed in the US to ensure that at least a part of the reforms, published last week, would go through. "I think we're going to get something," he said, though there were many differences of opinion.

On the specific proposals, the Chase chairman said he believed there should be nationwide branch banking, and that the establishment of financial services holding companies should be permitted to allow banks to expand into areas like investment banking and the marketing of securities. The proposed restructuring of the regulatory apparatus was also a step in the right direction.

His main concerns were that holding companies should not be required to build excessively thick protective "firewalls" between their different operations because this would be costly. He also believed that industrial companies which owned banking-type businesses should be drawn more closely into banking regulation for reasons of competitive equality.

He said Chase would use any opportunities opened up by deregulation to strengthen the six lines of business which it is now concentrating on after last year's financial crisis and the resulting cuts and job losses. These are corporate finance, risk management, information transaction services, international private banking, consumer services and New York retail banking. "We'll be looking for ways to build them up and make them pre-eminent," he said.

It was too early to say whether this would entail making any acquisitions.

In reply to suggestions that Chase's recent problems would rule out any major expansion for a while, Mr Labrecque said: "Only time will tell. But you shouldn't count us out."

Chase welcomed the opportunity to expand both geographically and through new products. Geographical expansion was not only a matter of spreading costs more widely, but also of diversifying risk. More product freedom would also enable Chase to provide a better service to its customers.

Mr Labrecque declined to say if he would be seeking an alliance either with another bank or an industrial company if the law is changed to permit that. But he did not rule it out.

Fay Richwhite wins contract for NZ sell-off

AUCKLAND merchant bank Fay Richwhite has won the contract to sell at least NZ$500m worth of Telecom Corporation of New Zealand shares to the New Zealand public, probably in the last quarter of the year. It will be the biggest private offering of shares ever made in New Zealand, writes Terry Hall in Wellington.

This follows an undertaking by the owners of Telecom Corporation, Ameritech and Bell Atlantic, the US regional telephone companies, to sell this amount of shares. Ameritech and Bell Atlantic are also planning a global issue of the shares.

Fay Richwhite, who handled the original privatisation, has also undertaken to buy 5 per cent of the shares through a private company.

The chief financial officer for both Ameritech and Bell Atlantic in New Zealand, Mr Kirk Cullamer, said the timing of the sale was still uncertain, as current conditions were not considered favourable in New Zealand for a share issue.

Ameritech and Bell Atlantic bought Telecom Corporation last September in a NZ$4.25bn deal, but undertook to reduce their stake to 49.9 per cent.

Analysts warn issue may have peaked

By Simon London

THE Bank of England may not need Ecu funding as such, but it could hardly have chosen a more advantageous time to issue Ecu bonds.

The Ecu bond market has outperformed the majority of the European bond markets which make up the Ecu basket this year. For example, the yield on the French government 10 per cent Ecu OAT, maturing 2001, has fallen by around 80 basis points since the begining of January.

Analysts suggest the best measure of the relative performance of the market is to compare Ecu bond yields with a synthetic index, made up of a weighted basket of all the European bond markets which comprise the Ecu.

At the 10-year maturity, the Paribas yield index of liquid Ecu bond issues is now 50 basis below the synthetic yield curve derived from the underlying national markets.

Last year, 10-year liquid Ecu bonds offered 0 to 30 basis points below the synthetic yield curve. This year, the range has been broken decisively. While Ecu bond issues have usually been more expensive than their "theoretical" value, the divergence has grown to new proportions this year. "The Ecu market is discounting a lot of good news on European monetary union at the moment," commented one syndicate manager. "Investors are confident that there will be no major realignment of the ERM currencies."

Although the market rallied on the back of the UK issue yesterday, analysts suggest the market may have peaked. This is a warning to Ecu investors who bought bonds at the top of the market, but borrowers such as the UK government are locking in at the lowest relative rate the market has seen.

Yesterday's issue appears to have succeeded in drawing UK institutional investors into the Ecu market. But bond syndicate managers are not anticipating a flood of new issues from other UK issuers hoping to tap this new pocket of demand for Ecu paper. Indeed, finely-priced issues by sovereign borrowers make issues in Ecu harder for companies, by setting benchmark yields at unattainably low levels.

UK adds further Ecu500m to debut Eurobond paper

By Simon London

THE UK government added a further Ecu500m to its debut Ecu2bn Eurobond issue yesterday, the additional tranche helping to satisfy unexpectedly strong demand from UK institutional investors.

The deal was offered to investors at a fixed price of par, with a coupon of 9⅛ per cent, to yield 9.13 per cent or 4 basis points below the yield on comparable French government paper.

The issue immediately becomes the benchmark 10-year maturity Ecu bond and will be a highly liquid instrument. The Bank of England has retained an additional Ecu200m bonds which will be released, if necessary, to regulate the liquidity of the deal.

Morgan Stanley, the lead manager, broke the syndicate at 11.30 GMT and the bonds traded up to 100.45 bid by early afternoon, for a yield of 6 basis points less than the comparable French government OAT.

However, by the close of

INTERNATIONAL BONDS

trading the yield spread had closed back to 4 basis points.

Most participants in the deal reported strong demand from UK institutional investors, with perhaps 25 per cent of the issue being place in the UK.

Most were also satisfied with the way the issue had been priced and syndicated. Morgan Stanley sold about one-third of the issue, which drew criticism from certain syndicate managers. The majority, however, noted this was normal syndication procedure.

Elsewhere in the market, new issue activity centred on the sterling sector. BAA, the UK airports operator, came with a rare 25-year deal bought mostly by UK institutional clients. The £150m offering carries a coupon of 11¾ per cent and was priced at a fixed reoffer to yield 195 basis points over the 9 per cent gilt maturing 2008. The deal was lead managed by BZW.

Crédit Local de France added to the supply of sterling zero-coupon paper, issuing 10-year bonds with a nominal value of £100m also via BZW. The paper was priced at 36.24, to yield 40 basis points over gilts. The issues by Deutsche Bank and Swiss Bank Corporation launched on Tuesday were yesterday trading on a yield spread of 30 basis points over gilts.

Later in the day, Leeds Permanent Building Society came with a £100m five-year issue, lead managed by UBS Phillips & Drew. The bonds carry a 11½ per cent coupon and were reoffered at 99.40.

● Consolidated Press, Mr Kerry Packer's magazine business, is offering to buy back up to SFr100m of its 6¼ per cent bonds due 1995, at a price of 62 per cent of their face value, plus accrued interest.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
ECUs						
United Kingdom(a)◆	2.5bn	9⅛	100	2001	32½/20bp	Morgan Stanley Int.
US DOLLARS						
Mitsubishi Oil (UK)(a)◆	50	8⅛	101⅞	1995	1⅞/1¼	Mitsubishi Finance
STERLING						
BAA plc(b)◆	150	11¾	102.953	2016	2½/1⅞	BZW
Credit Local de France(a)◆	100	zero	36.24	2001	20/15bp	BZW
Leeds Perm.Bldg.Soc.(c)◆	100	11½	(c)	1996	32½/20bp	UBS Phillips & Drew
SWISS FRANCS						
Mitsui Toatsu Chem.(a)★★◆	100	7⅝	100¼	1996	-	SBC
GUILDERS						
Bank Mees & Hope NV(a)◆	150	9	100.80	2001	1/⅝	Bank Mees & Hope NV
YEN						
Mitsui Toatsu Chemicals(a)◆	20bn	7¼	101¼	1998	1⅞/1.675	Nomura Int.

★★Private placement. §Convertible. ‡With equity warrants. †Floating rate note. ◆Final terms. a) Non-callable. b) Coupon payable semi-annually. Non-callable. c) Fixed price reoffer - 99.40%. Non-callable.

Committee may end trading problems

By R.C.Murthy in Bombay

AN END is in sight to the six-week-old payments crisis that has gripped the Bombay stock exchange. The crisis in India's largest exchange has disrupted trading and left a trail of broker bankruptcies.

Five brokers have been declared defaulters for failing to meet their obligations as share values plunged by 20 per cent in half a dozen trading sessions in late January. Several other brokers are on the verge of default.

The market capitalisation of the 600 listed companies is down to Rs645.02bn from Rs1,050.95bn on October 9.

The five defaults, the extent of which will be known in a fortnight, is just the tip of the iceberg, with settlement of transactions now two months behind schedule. Brokers have fallen behind with paper work as trading volumes have quadrupled over the past four years.

The BSE has a complement of 550 brokers, most of them small, who often indulge in over trading and become insolvent. At least two of the five defaulters were on the verge of bankruptcy earlier and were ordered to stay away from the market for several months. Most brokers lack the required infrastructure to cope with the growing business and the capacity to absorb shocks in a bear phase.

Trading outside the ring, though prohibited, is rampant. Analysts say transactions recorded at BSE are believed to be half of the total trading. The authorities are not responsible for the other half, which has to be settled by brokers bilaterally.

Meanwhile, the stock exchange administration is to auction membership cards of the five defaulters.

An expert committee has been set up to suggest measures to improve liquidity of shares and to prevent broker defaults. State-owned banks and financial institutions plan to open brokerages as part of market reform, but opposition from existing brokers, who fear they may lose their influence has stalled the move.

Footsie futures step out

Jim McCallum on the launch of a trading system

A NEW trading system for UK equity futures which could have important implications for the London stock market was quietly launched last week. Almost a year after the International Stock Exchange brought its trading day forward by half an hour, the London International Financial Futures Exchange (Liffe) has used the latest computer technology to extend dealing in a bid to capture more North American business.

With little promotional fanfare, Liffe has introduced FT-SE 100 index futures on to its screen-based dealing system, known as Automated Pit Trading (APT). Liffe's other main contracts already trade on APT, a system which aims to copy the life of the trading floor on a computer screen.

At 4.32pm, 22 minutes after dealing in "Footsie futures" on the Liffe floor ends, APT begins. For almost an hour, traders can continue to trade on the movement of UK shares while the London stock market is closed.

One of the main advantages of APT is that it allows investors to react to market sensitive news released after share dealing on the London market officially ends.

Something similar to this happened when sterling joined the exchange rate mechanism of the EMS last October. The government waited until just before the London markets closed before making the surprise announcement.

The result was that while some equity traders had a frustrating wait until the market reopened on the following Monday morning, gilt and money market dealers could hedge positions in the futures market, where there was after-hours dealing on APT.

On the day ERM entry was announced, the Liffe gilt futures contract traded 20 per cent of its daily turnover in just one hour on APT, while dealing in interest rate futures reached nearly 40 per cent.

However, activity on this scale is exceptional. On an average day, the turnover on APT is 4 per cent of the daily volume, with dealers using the market for technical purposes.

Nevertheless, over the last year, turnover in stock index futures has steadily increased and has begun to exert the sort of influence on the UK equity market that US stock futures have become famous for. The addition of APT is likely to increase the profile of stock index futures.

One reason for Footsie futures assuming a more important role in the London markets has been the greater interest shown in derivative products by institutions following the UK government's decision, effective last July, to exempt from tax all transactions in futures by pension schemes and authorised unit trusts. The larger UK institutions welcome the introduction of APT but think they will use it only sparingly.

Mr John Stubbs, head of UK equity investment at Postel, which manages the Post Office and British Telecom pension funds, said the extra hour was likely to be of greater value to professional traders than to institutional investors. He believed Postel would use APT "on occasions", and said the movements in New York would dominate the direction of trading.

But when active dealing on the equity market does spill over into after-hours trading it is likely that APT could influence the stock market.

Mr Harvey Neale, director of equity futures at UBS Phillips & Drew, said: "When the markets are exceptionally volatile, APT will come into its own and will give a useful indication on where the spot index will be trading when the market opens."

Institutional interest is most likely to come from the US, says Mr Tony Norman, director of derivative sales at Barclays de Zoete Wedd. Since January 1990, Liffe members have had permission from US regulatory authorities to broke FT-SE futures to US users.

Liffe acknowledges that without the underlying securities trading, turnover on an after-hours market will be limited. But Ms Victoria Ward, director of product development at Liffe, says dealing in American Depositary Receipts (ADRs), the trading instrument for UK securities in US markets, will help stimulate US interest in APT. With the 55 main ADRs accounting for more than 75 per cent of the FT-SE index, the FT-SE futures is a useful hedging tool. The extra trading time provided by APT may well be attractive to those ADR traders.

IBJ loses top AAA credit rating

By Stephen Fidler, Euromarkets Correspondent

INDUSTRIAL Bank of Japan yesterday lost its top AAA credit rating from Standard and Poor's, the US credit rating agency.

The change leaves only one Japanese bank, Norinchukin, the farmers' co-operative bank, carrying the highest rating from both S&P and Moody's, the other main US rating agency.

The long-term debt rating of the Long Term Credit Bank of Japan was also downgraded one notch to AA- from AA.

S&P said the ratings changes partly reflected adverse developments due to interest rate deregulation and increased competition among different types of financial institutions, which would lead to reduced profitability for both IBJ and LTCB.

Longer term, the agency cited the dismantling of regulatory barriers separating various types of Japanese financial institutions. This will, they said, intensify competition in the domestic market as investors have more choices.

● IBCA, the London-based rating agency, yesterday upgraded BankAmerica Corporation's long-term rating from A to A+, citing a substantial improvement in capital and earnings. The two main US agencies both give BankAmerica an A rating.

CNT to restructure debt with buy-back

By George Graham in Paris

CAISSE Nationale des Télécommunications (CNT), the French state institution for funding telecoms development, is to carry out a FFr4bn to FFr6bn restructuring of its debt through a complex three-stage buy-back and bond swap programme.

The programme involves the buy-back of seven CNT bonds for FFr1.1bn in cash, financed by the placing of a new issue of 10-year bonds with a syndicate of banks. CNT will also offer this new bond in exchange for four other issues with only a short life remaining.

For another three issues with an average of more than six years left to run, and for which the issuer has the option of reimbursing before maturity, CNT will offer the same new bond in exchange, but using for the first time a more complicated auction technique. In all, the programme targets bonds with a face value of FFr10.7bn.

J. P. Morgan et Cie and Caisse des Dépôts et Consignations, the two banks which will conduct the operation, expect to retire close to FFr1.1bn through the cash buy-back, and perhaps 40 per cent to 45 per cent of the FFr7.3bn targeted by the two exchange offers.

The operation will allow CNT to refinance at longer maturities and also to reduce its borrowing costs. Several of the targeted issues are illiquid and with high coupons, as well as bearing withholding tax, so they trade at over 150 basis points above the yield on equivalent OAT government bonds.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday February 14 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Feb 13 Index No.	Tue Feb 12 Index No.	Mon Feb 11 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (187)	786.83	+2.1	13.59	6.10	8.96	0.67	770.35	760.13	761.78	869.42
2 Building Materials (25)	1081.30	+1.4	13.28	5.61	9.27	0.45	1066.80	1051.57	1051.98	1051.69
3 Contracting, Construction (31)	1189.72	+0.2	15.10	6.62	8.59	1.46	1187.66	1174.82	1176.47	1457.48
4 Electricals (10)	2148.39	+3.2	13.03	6.21	9.39	0.80	2082.70	2073.63	2058.27	2462.70
5 Electronics (25)	1714.07	+2.2	9.30	5.22	14.33	1.10	1677.45	1644.17	1647.90	1933.23
6 Engineering-Aerospace (8)	409.15	+2.6	16.40	5.97	7.32	0.86	398.95	400.99	406.12	429.25
7 Engineering-General (47)	389.13	+3.4	15.01	6.60	8.03	1.15	376.19	372.40	369.11	464.85
8 Metals and Metal Forming (8)	439.89	+3.0	20.74	7.82	5.95	0.00	427.10	420.87	424.48	472.84
9 Motors (13)	314.02	+3.5	15.86	7.66	7.34	0.00	303.27	297.45	299.27	366.21
10 Other Industrial Materials (20)	1391.67	+2.1	12.11	5.84	9.54	0.71	1363.04	1341.06	1347.47	1564.72
21 CONSUMER GROUP (182)	1313.73	+1.4	9.22	3.97	13.46	2.72	1296.21	1287.72	1292.60	1262.15
22 Brewers and Distillers (22)	1668.71	+1.4	9.74	3.73	12.65	7.47	1646.21	1630.77	1633.90	1471.44
25 Food Manufacturing (20)	1110.23	+1.4	10.36	4.33	11.89	1.66	1095.18	1089.51	1093.30	1090.54
26 Food Retailing (16)	2473.91	+0.6	8.56	3.13	15.29	3.15	2458.34	2463.50	2477.42	2306.16
27 Health and Household (21)	2822.59	+1.2	6.36	2.71	18.66	0.47	2789.02	2777.95	2764.80	2472.29
29 Hotels and Leisure (22)	1232.42	+3.4	11.21	5.56	10.56	0.86	1191.55	1177.16	1177.60	1579.41
30 Media (25)	1277.88	+2.2	11.43	5.38	11.05	7.81	1250.96	1252.56	1256.23	0.00
31 Packaging & Paper (11)	578.55	+3.7	9.09	5.94	13.47	0.30	557.90	551.57	548.44	576.73
34 Stores (34)	837.75	----	10.14	4.36	12.83	1.67	838.00	826.45	845.46	794.35
35 Textiles (11)	453.65	+5.0	12.67	7.75	10.12	0.50	432.23	420.51	419.01	510.48
40 OTHER GROUPS (111)	1096.00	+1.6	11.77	5.46	10.28	2.51	1078.68	1075.83	1078.90	1184.50
41 Business Services (12)	984.58	+1.6	12.70	5.48	9.57	0.00	968.83	960.10	936.32	0.00
42 Chemicals (21)	1172.98	+1.6	12.12	6.08	9.73	0.63	1154.43	1150.68	1146.99	1194.07
43 Conglomerates (11)	1425.43	+0.8	12.04	7.23	9.90	6.83	1414.06	1409.60	1423.27	1620.62
44 Transport (15)	1965.67	+1.5	13.28	5.18	9.28	1.78	1936.32	1910.34	1894.17	2252.80
45 Electricity (12)	1136.43	+1.7	10.85	6.19	11.12	0.00	1116.92	1128.33	1132.94	0.00
46 Telephone Networks(3)	1234.59	+2.2	10.83	4.10	12.01	0.00	1207.54	1208.67	1218.26	1260.09
47 Water(10)	2469.08	+1.6	13.73	5.67	8.14	39.69	2431.15	2425.58	2463.27	2063.17
48 Miscellaneous (27)	1725.02	+1.3	10.93	5.25	10.66	1.22	1702.48	1693.91	1695.38	1877.10
49 INDUSTRIAL GROUP (480)	1119.30	+1.6	10.93	4.88	11.20	2.11	1101.74	1094.37	1097.83	1152.89
51 Oil & Gas (20)	2241.37	+0.1	9.98	5.84	13.09	7.42	2239.17	2268.68	2278.09	2438.32
59 500 SHARE INDEX (500)	1213.77	+1.4	10.80	5.01	11.43	2.52	1197.15	1192.42	1196.36	1259.41
61 FINANCIAL GROUP (98)	768.22	+0.9	-	6.20	-	1.00	761.34	762.26	768.06	825.39
62 Banks (9)	833.65	+0.3	19.11	6.97	6.85	1.61	830.77	831.53	843.77	866.99
65 Insurance (Life) (7)	1358.74	+0.4	-	5.65	-	0.00	1353.92	1377.12	1380.38	1363.03
66 Insurance (Composite) (6)	669.59	+2.2	-	6.39	-	0.00	655.32	658.68	665.61	702.93
67 Insurance (Brokers) (8)	1042.07	+1.2	7.10	6.19	18.46	2.15	1029.39	1031.54	1037.78	1108.77
68 Merchant Banks (7)	382.53	----	-	5.33	-	0.00	382.31	383.70	374.71	499.91
69 Property (41)	1016.33	+1.3	6.53	4.63	20.98	0.90	1003.24	990.75	995.60	1158.01
70 Other Financial (20)	261.82	+1.2	9.59	6.84	13.16	1.60	258.71	257.03	253.07	331.87
71 Investment Trusts (69)	1075.70	+1.7	-	3.76	-	1.24	1058.00	1046.68	1043.63	1216.05
99 ALL-SHARE INDEX (667)	1103.60	+1.3	-	5.15	-	2.14	1089.16	1085.46	1089.53	1154.36

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 13	Feb 12	Feb 11	Feb 8	Feb 7	Year ago
FT-SE 100 SHARE INDEX♦	2294.4	+26.6	2306.0	2276.2	2267.8	2264.5	2279.0	2245.2	2243.7	2313.8

♦Opening index 2278.8; 9 am 2278.4; 10 am 2287.6; 11 am 2304.1; Noon 2301.5; 1 pm 2296.0; 2 pm 2300.3; 2.30 pm 2298.5; 3 pm 2296.5; 3.30 pm 2293.1; 4 pm 2293.1. (a) 11.11am (b) 9.0am. † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323.

FIXED INTEREST

PRICE INDICES	Thu Feb 14	Day's change %	Wed Feb 13	Accrued Interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	120.49	+0.06	120.41	1.54	1.65
2 5-15 years (31)	132.95	+0.26	132.61	1.93	1.94
3 Over 15 years (8)	142.62	+0.42	141.95	3.12	0.44
4 Irredeemables (6)	156.77	+0.47	156.04	3.05	0.00
5 All stocks (73)	131.42	+0.21	131.14	1.93	1.72
Index-Linked					
6 Up to 5 years (2)	157.96	-0.04	159.05	0.10	1.03
7 Over 5 years (10)	145.09	+0.28	144.68	0.55	0.70
8 All stocks (12)	145.41	+0.25	145.64	0.51	0.73
9 Debs & Loans (54)	109.95	+2.49	107.28	2.79	0.68

AVERAGE GROSS REDEMPTION YIELDS		Thu Feb 14	Wed Feb 13	Year ago (approx.)
British Government				
1 Low	5 years	9.34	9.40	10.73
2 Coupons	15 years	9.48	9.53	10.39
3 (0%-7¾%)	25 years	9.58	9.62	10.29
4 Medium	5 years	10.11	10.13	11.89
5 Coupons	15 years	9.84	9.89	10.78
6 (8%-10¾%)	25 years	9.75	9.82	10.40
7 High	5 years	10.27	10.29	12.03
8 Coupons	15 years	9.98	10.04	10.97
9 (11%-)	25 years	9.85	9.91	10.53
10 Irredeemables		9.83	9.88	10.34
Index-Linked				
11 Inflation rate 5%	Up to 5 yrs.	3.78	3.74	4.51
12 Inflation rate 5%	Over 5 yrs.	4.12	4.14	3.93
13 Inflation rate 10%	Up to 5 yrs.	2.47	2.43	3.65
14 Inflation rate 10%	Over 5 yrs.	3.95	3.97	3.77
15 Debs &	5 years	12.03	12.47	13.49
16 Loans	15 years	11.74	12.13	12.76
17	25 years	11.48	11.81	12.75

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	66	4	16
Corporations, Dominion and Foreign Bonds	5	0	16
Industrials	654	81	821
Financial and Properties	370	49	333
Oils	30	14	48
Plantations	1	1	8
Mines	34	24	107
Others	75	21	45
Totals	1,235	194	1,394

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+ or -	Net Div.	Times Covered	Gross Yield	P/E Ratio
$100	F.P.	-	95	58	♦Drilas 10p	58					
-	F.P.	-	3625	3525	Euromoney Public. Wrrnts	3550					
-	F.P.	-	100	90	JF Pacific (New Wrrnts)	100					
50	F.P.	-	43	6	Trio Inv. Trs.	4					
-	F.P.	-	-	-	Do. Warrants	-					

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price £	+ or -
-	-	-	86	68	Scott. Widows Capital 13pc Cv Pref 86	80	
♦	F.P.	29/11	30p	28p	♦Greencore Group Cv. Ref. Prf. 70p	30p	
35	-	-	38p	36p	Greycoat Securities Pfd. Cv Ln 2000	38p	
100p	F.P.	-	103p	99p	FT Group 10¼pc Cnv. Red. Prf. 1997	101p	+1
100p	F.P.	-	110p	97p	Worcester Gn Rd Cv Pf	105p	+4

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+ or -
197	Nil	-	45pm	37pm	Tesco 5p	44pm	+3

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1990. P Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro forma figures. § Offered to holders of ordinary shares as a "rights". ‡ Introduction. ¶ Placing price. † Reintroduction. ◆ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- ● First Dealings Feb. 4
- ● Last Dealings Feb. 15
- ● Last Declarations May 16
- ● For settlement May 28

For rate indications see end of London Share Service

Calls in Applyard, BTR warrants, Berisford Intl., Body Shop Intl., Braithwaite, Burton, Cannon Street Invs., Conroy Pet., Dares Ests., Ladbroke, P & P, Quotient, Sale Tilney, Stakis, Doctus, Standard Chartered and Unitech. Puts in Eurocopy, Ford Seller Morris Props. and NatWest Bank. Put and call in Hanson warrants and Tusker Res.

LONDON TRADED OPTIONS

THE DERIVATIVE markets took their cue from the stock market yesterday as share dealers continued to respond to the cut in UK interest rates. Equity futures moved higher in active two-way dealing, while traded options had a busier session, particularly in stock index options.

Strong buying of the stock market by some UK institutions and market makers closing their short positions triggered a powerful early rally. Futures dealers were surprised when the FT-SE index broke decisively through the important 2,300 resistance level and thereafter followed the stock-market's lead.

There were still signs that some institutions were being forced into the index futures market due to a lack of stock. But the squeeze in the underlying market appeared to be easing. Most of the larger institutional players were said to be less active than in the previous session, which meant there was less of an imbalance in the cash market.

The March FT-SE 100 index contract closed at 2,319, up 17 points on the day. In after hours trading, March edged higher, closing at 2,323. March's premium to the spot index finished at26 points against 35, reflecting an easing of the shortage in the cash market.

Some investors continued to favour FT-SE index options as an alternative route to gaining exposure to the UK market. The March 2,300 calls were the most popular, trading 1,304 lots. The day's total turnover of 10,176 contracts was up by more than a third and weighted towards calls.

Stock options were also more actively dealt, with Rolls-Royce still the busiest contract. Two thirds of the 2,624 contracts which changed hands, were puts, the March 160 series being the busiest. Racal traded 1,970 lots; Ladbroke 1,614; BTR 1,497; and Grand Met 1,141.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Alld Lyons (*512)	460	68	74	87	4½	12	14
	500	36	47	58	12	25	28
	550	12	24	35	42	53	56
ASDA (*127)	110	22	26	28	1½	3	4
	120	13	19	21	4	7	9
	130	7	13	16	8	10	13
Brit. Airways (*147)	140	15	17	21	7	11	13
	160	5	8½	-	18	23	-
Unilever (*727)	700	45	62	83	20	28	33
	750	18	-	-	45	-	-
Ultramar (*319)	300	30	43	49	10	13	15
	330	14	25	32	23	28	30

Option		Calls Mar	Calls May	Calls Aug	Puts Mar	Puts May	Puts Aug
Elec. Pkg. (*£1845)	1750	145	195	-	25	30	-
	1800	115	165	-	40	60	-

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Barclays (*400)	390	19	33	40	17	24	31
	420	6	17	24	38	43	45
Blue Circle (*249)	240	18	25	32	8	16	20
	260	7½	14	22	18	27	31
British Gas (*241)	240	10½	21	23	6	10	14
	260	3	9½	13	20	21	26
Dixons (*168)	160	12	23	25	5	9	12
	180	4	13	16	16	19	21

[illegible]

February 14 Total Contracts 25,564. Calls 23,205 Puts 2,359. FT-SE Index Calls 6,138 Puts 4,038. Euro FT-SE Calls 332 Puts 331. *Underlying security price. † Long dated expiry months.

UK COMPANY NEWS

Profits fall to £8m and chief executive warns on future payments

Crest Nicholson supports dividend

By Andrew Taylor, Construction Correspondent

CREST NICHOLSON, the housebuilder and commercial property developer, said yesterday it would maintain its final dividend but would have to dig into reserves to do so.

A proposed final dividend of 4.65p makes the total a maintained 7.65p for the year to end-October. Earnings per share dived to 3.86p (28.71p).

Mr Roger Lewis, chief executive, warned, however, that the group might not be able to maintain the dividend in the current financial year. The outlook remained tough for the housing and commercial property markets in spite of this week's half a percentage point reduction in interest rates.

"It is a very serious matter to cut a dividend and is not done lightly. We decided it would be wrong to do so at this stage with so much uncertainty over the Gulf War, the timing and extent of future interest rate cuts and the effect these may have on the ability of companies to survive without further job losses" he said.

David Donne, chairman

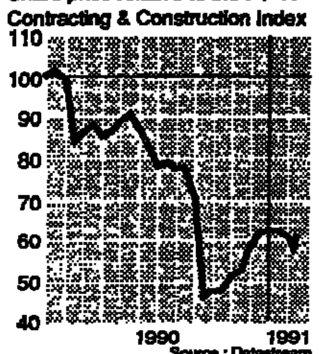
Pre-tax profits fell by more than three quarters from £37.12m to £8.06m. Mr Lewis warned that the company expected to make a loss in the first half of the current year.

Analysts expect full year profits to be about £5m which would mean the group would again have to raid reserves to maintain the dividend.

Housebuilding in southern England and the east Midlands, among the worst affected UK housing markets, incurred a loss of £3.33m compared with a profit of £17.35m in 1988-89.

Crest Nicholson

Share price relative to the FT-A Contracting & Construction Index



The group sold 1,370 houses, about 50 more than in the previous year. Margins, however, were hit as the average price of a home, after sales incentives, fell from £95,000 to £91,000.

Commercial property profits also fell sharply, from £15.32m to £4.63m, as investors turned away from the sector. The only area to see an increase in profits was the construction and leisure division – mainly contracting in southern England – ahead from £5.57m to £7.25m. Contracting margins more recently have come under pressure.

Profits this year of £5m would assume the group breaking even on housing and making about £2.5m each from property and contracting.

The balance sheet, however is in relatively good shape with net borrowings of £58m equivalent to 38 per cent of shareholders funds. It has no off-balance sheet debt and does not capitalise interest.

Mr Lewis said: "Our maximum exposure to the commercial property market, assuming we built everything, is £100m of which only £60m would be financed by borrowings.

He said gearing would only increase if the company decided to buy more land to gear up for a housing recovery in 1992.

See Lex

Storehouse appoints new finance director

By John Thornhill

STOREHOUSE, the retailing group, has appointed a new finance director to replace Mr Bob Mackenzie, who left the company after an acrimonious dispute last October.

He is Mr David Simons, currently group finance director of the House of Fraser department store chain. He will take up the post in May.

Storehouse does not believe that the delay in his joining will prove a problem because it has already drawn up its financial budgets for the year under the guidance of Mr Michael Julien, chief executive.

Unlike Mr Mackenzie, the 43-year-old Mr Simons has had a long involvement in the retail sector. After a spell at Burton Group, he worked at UDS Tailoring where he was part of the buy-out team that created Collier Holdings. In 1984 he became finance director of the European operations of Toys R Us.

He will face a tough job helping to put Storehouse on a firm road to recovery in the current unforgiving market conditions. Storehouse said Mr Simons would be expected to "make the business sweat a bit".

Like most retailers, Storehouse, which runs the B*h*S, Mothercare, Habitat and Richards chains, experienced a disappointing Christmas, and sales last week were described as "bloody awful" because of the weather.

GPA shows modest advance to $196m

By Kieran Cooke in Dublin

GPA, the world's leading aircraft leasing company, returned after-tax profits of $196m (£99m) for the nine months to December 31, a 9 per cent rise on the equivalent period in 1989.

Turnover rose to $1.49bn ($1.25bn) and earnings per share in the privately-held group, based at Shannon in the Irish Republic, rose 6 per cent to $1.65.

While the results might be deemed to be satisfactory in the present turbulent times in the aviation industry, the profits rise was very modest compared to figures of previous years, when gains of between 50 and 60 per cent were the norm.

Mr Tony Ryan, founder and chief executive of the group, said the results demonstrated GPA's ability to make good returns even in difficult circumstances. He added, however: "GPA cannot insulate itself fully from the current downturn in commercial aviation. In times as uncertain as these, all comment about the future must be tentative and it would be imprudent to attempt a short term forecast".

Mr Maurice Foley, GPA's deputy chairman, said there was no doubt that the group's customers were taking longer to make decisions and some were in financial difficulties.

He said GPA had built itself a good defensive position to weather the present problems in the aviation industry and pointed out that there was no reason for the group's bankers to be nervous.

Mr Foley added that while there were obvious difficulties in the US and Europe there was still demand elsewhere for aircraft. He said GPA would probably lease 25 aircraft to China this year.

The group said it had "substantial" cash reserves and over $2.4bn of committed and undrawn credit lines available.

Substantial downturn expected at Eurocopy

By David Owen

SHARES OF Eurocopy fell sharply yesterday after the office equipment supplier warned that pre-tax profits for the year to September 30 would be "substantially less" than the £11.3m reported last time.

The shares plunged 59p to close at 95p, valuing the company at £45.75m. They peaked at 256p last August.

Eurocopy blamed the setback on the poor performance of its Purdie & Kirkpatrick and Equipu businesses acquired from Sketchley in March 1989.

Mr Michael Armitage, finance director, said that competitors had armed their sales forces with "abstracts from Hansard and damaging press cuttings." The company, whose core business is trading satisfactorily, had concluded that the downturn had "a lot to do with" that, he said.

The group last year admitted past malpractice relating to a type of flex lease offered by P&K. It said that the malpractice was "stamped out" in the wake of staff changes made in *February* 1990. The matter has caught the attention of Mr Nigel Griffiths, a Labour MP.

Eurocopy also said that there was "some evidence" that the economic climate was "either causing businesses to defer purchases of additional equipment or preventing them from doing so because they are no longer acceptable credit risks to leasing companies.

"It is anticipated that a reduction in additional machines sold will result in a lower rate of growth in the current year in the number of copies produced by customers' photocopiers."

Brierley's IEP sells its stake in William Low

IEP Securities, the UK investment vehicle of New Zealand entrepreneur Sir Ron Brierley, yesterday sold its 20 per cent stake in William Low, the Dundee-based food retailer, which it had built up over several years, writes Andrew Bolger.

IEP sold the shares at 290p each to Goldman Sachs, which then passed them on to a variety of institutions at 294p each.

The shares closed 15p lower at 307p. IEP said it made a book profit of £5m on the £42m deal.

The sale is the latest of a series of cash-raising exercises by IEP, which last week sold its 20 per cent stake in Vickers, the engineering, defence and luxury cars group, for £100m.

Sir Ron is keen to reduce the indebtedness of Brierley Investments, IEP's parent company, which recently acquired Mount Charlotte Investments, the UK hotels group, for £644m.

P&P restores some lustre to sector with 18% rise to £13m

By Alan Cane

P&P, the Lancashire-based microcomputer distributor and computing services company, yesterday reported results which restored some lustre to a sector which has taken a battering in recent months.

A good second-half performance lifted pre-tax profits for the year to November 30 by 18 per cent to £13.12m (£11.07m).

Sales were £223.79m (£168.87m). Earnings per share fell to 18.5p (20p). The dividend for the year, however, is increased by 20 per cent to 4.25p, via a final of 3p.

The share price rose 18p to 80p on the news. Last July the shares reached a high of 228p before a rights issue to raise £26.7m. A series of brokers' adverse reports and jitteriness in the computing services market resulted in the slide.

Mr David Southworth, managing director, said the results vindicated the company's strategy of moving into computing services and developing European operations.

He hoped that within a few years sales would be divided equally between the UK and mainland Europe.

The recently acquired Belgian and Swedish subsidiaries were expected to contribute about 15 per cent to 1991 revenues. The decline in P&P's share price, however, was making it difficult to carry out acquisitions on the Continent.

P&P has just completed a reorganisation into five divisions. Corporate systems, covering sales of products and services to companies like ICI, British Aerospace and Rolls Royce is expected to contribute 50 per cent of 1991 sales. Distribution services, which put in 19 per cent, is the core microcomputer distribution business. The other divisions are new technologies (2.5 per cent), principal distribution of Apple Computer add-on equipment (12 per cent) and Europe.

● COMMENT

P&P is reaping the benefits of firm financial management conspicuously lacking in some of its competitors and a determination to turn away from microcomputer distribution, where margins are narrow, to computer services which offer greater opportunities to add value. The outlook for the sector remains difficult, however, but it is becoming meaningless to compare P&P with other computer distributors, or indeed systems houses. Total assets at £55m are remarkable for a computing services company. Other positive factors include a six-year record of growth in sales and pre-tax profits and blue chip customers. Analysts are predicting profits of between £8m and £12m next year; at 80p on a p/e of 4.3 the shares look good value.

Prudential sells more estate agencies

By Michiyo Nakamoto

Prudential Property Services, the property arm of the Prudential Corporation, is to sell its estate agency network in the western region of the UK to Connell Residential, a subsidiary of Scottish Widows Fund and Life Assurance Society, for £4.5m.

The portfolio includes 99 residential estate agency branches and related professional services businesses in lettings, surveys and valuations.

This is the second sale that has been announced since Prudential declared its intention in November to put its loss-making estate agency network of 500 branches up for sale. The first was the sale of 191 estate agency branches in the Thames and Eastern regions to Woolwich, the UK building society, for £20.75m.

Proceeds from the sale will be used to develop Prudential's mainstream activities, said Mr Mick Newmarch, chief executive. The company said that it was in discussions with a number of parties interested in the remaining two regions of its estate agency network in the north and south east.

The purchase of the Pru's western region branches will double the size of Connell's residential property operations.

NSM shares dive after warning of second-half loss

By David Owen

NSM, the mining and building products group, yesterday lost more than a third of its market value after warning that results for the year to March 31 would be "significantly lower" than in 1990.

The shares fell 11p to 21p, valuing the group at £49m. They have slipped from 106p over the past 12 months.

The group, which in November reported a 32 per cent fall to £7.2m in interim pre-tax profits, said it would record a small second-half loss "in the absence of profits from the sale of exhausted coal properties."

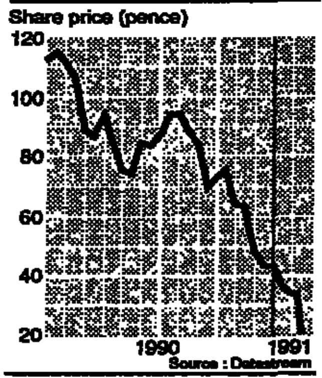
It said that the decision regarding payment of a final dividend remained "under review." In the year to March 31 1990 the company lifted taxable profits from £16.52m to £26.2m on turnover of £171.4m (£110.93m).

NSM blamed yesterday's setback on the "sharp decline in the UK building and property sectors" which it said was materially affecting both trading results and planned property disposals.

"Several of the UK investments have taken longer than anticipated to make a contribution to group profits," it said.

NSM

Share price (pence)



"This has resulted in higher-than-planned total borrowings and consequently increased interest charges for the year."

Mr Don Carr, chairman and chief executive, said that he now expected year-end gearing to be "in excess of 100 per cent."

"All of our operating companies but one have been trading profitably at the operating level," he said. A review of the group's strategy and operations has been undertaken.

Scowcrofts hold £0.75m Gaynor debentures

By Clay Harris

The Scowcroft family, controlling shareholders in Gaynor Group, the plastic packaging manufacturer to which administrative receivers were appointed on Wednesday, are among the best secured creditors of the company.

Through Rothschild Trust Management, family interests hold £750,000 in debentures which rank equally with the fixed and floating charge National Westminster has over Gaynor's assets.

NatWest and the trust asked for receivers to be appointed after Gaynor's board gave up hope on Monday of arranging refinancing or finding an adequate offer for the business.

Mr Glyn Jones, Gaynor's chairman, said yesterday: "The board did explore every avenue in both directions." However, he said news of the shares' suspension last week had elicited approaches which might still bear fruit for the receiver.

The debentures were issued last summer to help keep Gaynor afloat after ABN Bank withdrew facilities.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Assoc Nursing § ......int	1☆	Apr 12	1	-	3
BP ......fin	4.2	May 7	3.95	16.05	14.9
Crest Nicholson ......fin	4.65	Apr 15	4.65	7.65	7.65
Glasgow Inc Tst ......int	0.6	May 31	0.6	-	3.15
Photo-Me Intl ......int	1.2	Apr 8	1.2	-	4
P&P ......fin	3†	-	2.5	4.25	3.6
Sheraton Secs ......int	*nil*	-	2	-	2
Tst of Property ......fin	1.364	Apr 8	1.212*	1.364	1.212*
Usher (Frank) ......int	1.5	Apr 4	2	-	6
Yeoman Inv Trust......fin	1.5	Apr 5	1.25	13.6	12.25

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Carries scrip alternative.

Weak dollar, tax and chemicals hit BP

By Deborah Hargreaves

THE RISE in oil prices caused by the Gulf crisis underpinned British Petroleum's 32 per cent advance in fourth quarter post-tax profits from £345m to £456m on a replacement cost basis.

However this increase failed to offset a declining chemicals sector, higher tax charges and the weakness of the dollar against the pound which all led to a 12 per cent drop in full-year net profits to £1.2bn (£1.36bn).

The increase in crude prices adds most to the income of BP's exploration and production division where pre-tax profits rose during the year to £1.69bn from 1989's level of £1.4bn.

But tax charges were also high, taking the net income figure for exploration and production to £1bn.

BP's crude oil output dropped off slightly last year to 1.32m (1.41m) barrels a day (b/d), largely due to disruptions for maintenance in Alaska and the North Sea.

The sale of assets added £1.3bn to the company's bottom line last year and it expects to make a further £1bn-£2bn of divestments this year. BP sold its production and exploration interests in France, New Zealand and the Netherlands as well as some properties in Canada and Norway.

This year BP should see a substantial stock loss from the drop in oil prices – at least in the first quarter – which will partly, but not fully, be offset by rising refining margins in Europe and the Far East. Refining margins in Europe have risen to almost three times their normal level this year – from about $3 a barrel to $9.

But the company has faced a poor refining market in the US where the production of refined products is not offering any margin at all over the sale of crude oil. That is one reason for the drop in refining profit in the company's fourth quarter results.

The chemicals division should see its operating margins restored to the level they reached before last year's invasion, but this was still not very high.

The company said the outlook for chemicals remained blighted by the recession in the US and Europe.

Goodman wins another round

Goodman International has won another round in its fight for survival. Mr Desmond O'Malley, the Irish industry and commerce minister has agreed to allow creditor banks to take a 60 per cent stake in the company. His decision was based on whether the banks taking control was contrary to "the common good".

UK COMPANY NEWS

Generating a source of interest

Clare Pearson on the flotation plans for Nat Power and PowerGen

John Wakeham — retaining discretion over how generous he chooses to be

Ashley Ashwood

BRITISH investing institutions are undergoing a novel experience: they are having to compete with each other for shares in the privatisation flotation of the two electricity generators, National Power and PowerGen.

In an effort to draw out clear signals from the City prior to announcing the price for the shares next Friday, the government is building a book of how much stock institutions say they would be prepared to take at different price levels.

The current exercise is not revolutionary: soundings are always taken to indicate where institutional demand lies prior to pricing a new issue. But it does represent a more rigorous approach to doing so. The government hopes competition will improve the price it gets for the shares.

Maximising proceeds from the sale is a cause very dear to the heart of Mr John Wakeham, the energy secretary, recently stung by accusations that he had given the regional electricity companies away for a song when their flotation proved a run-away success last autumn.

The novel bidding process appears so far to have provoked mixed reactions from potential underwriters. The government's stockbrokers for the issue, led by James Capel, say that some seem to have had difficulties working out what to do. Others say they welcome the opportunity to bid aggressively, and so get the chance for a larger slice of the underwriting.

However, many point out that the bidding has – so far – been conducted against the background of a rising market. Trying to carry out the process in a difficult market could prove much more tricky.

But if it runs smoothly government advisers say they would envisage repeating it in future. It could also set a precedent for similar big initial offerings of shares, once the new issues market has revived.

Book building also follows the way in which regional coordinators of the overseas portion of privatisation issues conduct pricing discussions with their investors. It goes like this:

Earlier this week, the government set a "sounding shot" range at which it was prepared to consider bids to underwrite the shares from institutions. The bidding is conducted on the basis of pro forma gross dividend yields: that is, the notional yield based on the companies' forecasts of the dividends they would have paid if they had been privatised for a full year.

The highest yield the government said it would consider, and therefore that which put the lowest value on the shares, was 7.2 per cent, and the lowest 6 per cent.

The government's stockbrokers know the names of the institutions which bid at which level but the government and Kleinwort Benson, its financial adviser, do not. Today, Kleinwort will start analysing where the bids fell. Next week, institutions will be given another, narrower, range within which bids will be accepted, prior to pricing the shares next Thursday night.

Aside from being more formalised than normal soundings, the book building also results in changes to the way allocations are to be made to the different underwriters next Friday.

These will not purely be determined by the levels at which underwriters submit bids in next week's round. However, Kleinwort has said it will favour people prepared to accept higher prices. That is in contrast to the traditional procedure whereby institutions are simply given an allocation according to their provision in the underwriting list.

However, measuring the success of the process in terms of the price the government achieves will be a rather theoretical exercise, since no-one will be able to say how much the government would have got for the shares if it had not carried it out.

In another measure designed to extract better value for the taxpayer, the government has decided to dispense with the group of banks who normally act as primary underwriters, before passing the shares on to the institutional underwriters, at a saving of a few million pounds.

It also plans to hold a "proper" tender just before stock market dealings start next month whereby a portion of the shares, to be underwritten next Friday, will be put up for sale again to the highest bidder. Here underwriters will be invited to bid again for stock at levels reflecting the expectation of where they will trade on the market.

At the moment, institutions are doing no more than providing information on which the government will judge how to set the fixed price for the shares. Mr Wakeham retains discretion over how generous he chooses to be. In practice, however keen he is on proceeds, he is unlikely to pitch the pricing at the most aggressive possible price.

That is because the government intends to sell up to 50 per cent of the shares to the British public, which expects to see buoyant demand for the shares and early trading profits immediately after the flotation.

NEWS DIGEST

Frank Usher falls 29% to £505,000

REDUCED gross margins in the UK and non-immunity to bad debts hit Frank Usher Holdings in the six months to November 30 1990, and pre-tax profits declined 29 per cent from £708,000 to £505,000.

Earnings per share dropped from 6.6p to 4.7p, and the interim dividend is cut from 2p to 1.5p. The 1989 profit was after exceptional costs of £67,000.

Mr Christopher Norland, chairman of this USM-quoted ladies-clothing-maker, said the level of sales had been maintained in difficult markets and turnover rose to £8.19m (£7.69m).

Although orders for the spring/summer 1991 collections had not reached the level of the previous year, they had held up well, he said.

Yeoman Inv nav falls to 134.7p

Yeoman Investment Trust reported net asset value per capital share of 134.7p at the end of 1990 compared with 188.9p a year earlier.

After tax revenue for the year to December 31 was higher at £3.22m (£2.98m) after franked investment income increased from £3.33m to £3.62m. Earnings per income share came out at 13.06p (11.89p).

A final dividend of 1.5p is recommended making a total of 13.6p, against 12.25p.

Offshoot problems hit Assoc Nursing

Problems in its Weston & Ross subsidiary made inroads into interim results of Associated Nursing Services. Pre-tax profits at the USM-quoted company fell from £1.78m to £631,000.

From turnover of £9.35m (£2.76m) operating profit advanced to £1.84m (£745,000); but higher net interest of £775,000 (£373,000) and an exceptional charge of £438,000 (credit £1.4m) left their marks.

Mr Nick Dhandsa, chairman, said losses at Weston & Ross led to a number of its activities being discontinued, with accounting write-downs.

The exceptional charge comprises £488,000 trading loss less £50,000 profit on sale of a nursing home. Last year the credit represented the capital gain on the disposal of two homes.

In spite of that setback and that the general economic climate remained unhelpful, the core healthcare business was performing satisfactorily, he said.

Although Weston & Ross would incur further losses in the second half, he was sure it would return to profitability.

Earnings plunged to 11.6p (32.1p) but the interim dividend is held at 1p. Certain shareholders, including all the directors, have requested a scrip alternative and that option will be open to shareholders.

Trust of Property revenue rises

Net assets per share of Trust of Property Shares, an investment trust, fell from an adjusted 95.45p to 79.75p over the 12 months to December 31.

The book value of its principle equity holding in Tops Estates fell by 14.5 per cent but holdings in companies based in the Midlands, north of England and Scotland showed advances.

Net revenue for the year increased to £102,328 (£93,855) for earnings per share of 1.55p (1.42p). Directors are proposing a single final payment of 1.364p (1.212p).

GT Venture Trust assets decline 5%

At December 31 asset value per ordinary share of the GT Venture Investment Company stood at 120.7p, a decrease of 4.7 per cent on the 126.7p standing six months earlier.

After-tax profits worked through at £208,000 (£381,000).

Basic earnings per share emerged at 1.42p (2.87p). On a diluted basis, the figure amounted to 0.7p (1.46p).

Founder's son leaves Strong & Fisher

Strong & Fisher, the leather manufacturer now controlled by Hillsdown Holdings, confirmed yesterday that Mr Richard Strong, former managing director, had "relinquished his roles as an executive and director of the company".

Mr Strong, whose father founded Strong & Fisher in 1931, was paid £135,000 in the year to June 29 1990. Hillsdown refused to comment on what compensation he would receive.

See Observer

COMMODITIES AND AGRICULTURE

Moscow given warning of looming crisis on farms

By Quentin Peel in Moscow

A GRIM new warning about the prospects for Soviet agriculture this year has been issued in Moscow, revealing that millions of hectares of land have not been prepared for spring sowing.

At the same time, lack of spare parts, and a failure to carry out normal winter maintenance has left a record number of tractors and combine harvesters out of action.

First indicators of the looming crisis have come from deliveries of both meat and milk from all parts of the country in January, according to Mr N.V. Krasnoshchenkov, deputy chairman of the food supply commission.

In an interview with Pravda, the leading Communist Party newspaper, he said there would be between 20 and 25 per cent fewer cultivators, ploughs and combine harvesters working on state and collective farms than last year, and fewer tractors than at any time in the past 25 years, because of the lack of spare parts.

He said that 16 per cent of tractors and half the total number of combines had not been repaired.

Meanwhile, 20m hectares of land were not ploughed in the autumn for spring sowing, and 4m hectares of winter fields had not been sown.

"All this means that the amount of spring agricultural works will increase by 25 per cent," Mr Krasnoshchenkov said.

"If the peasants are not guaranteed help, they will simply refuse to sow, and raise potatoes and other vegetables.

"Warnings are coming from everywhere. The first signs are already visible." He said meat deliveries in January were down by 230,000 tonnes below the level of January, 1990, or 12 per cent, and milk deliveries by 625,000 tonnes, or 13 per cent.

In spite of widespread chaos in the Soviet economy, farmers managed to produce a record 240m-tonne harvest last year, but purchases by state stores still fell far short of central needs for bread and pasta making. One explanation was that wheat was used to feed livestock on the farm, instead of animal fodder.

The dislocation of Soviet agriculture seems to be getting worse, with agricultural equipment manufacturers also running into difficulties. It was reported this week that the giant Volgograd tractor plant had been brought to a standstill for lack of rolled steel.

However the extent of the decline of Soviet agriculture could be exaggerated by the fact that former statistics were notoriously inflated from the farm gate upwards, whereas today they are likely to be more accurate.

London trade house in default

By David Blackwell

THE LONDON Clearing House yesterday declared Woodhouse, Drake & Carey (Commodities), one of London's oldest commodity trading firms, in default.

The move follows news late on Wednesday that the Association of Futures Brokers and Dealers had intervened in the investment business of the firm. The association, which regulates futures trading in London under the Financial Services Act, said it used its powers "for the protection of investors."

The London Clearing House, part of the International Commodities Clearing House, said it was "taking steps to achieve an orderly winding down" of Woodhouse's positions. All its positions were being transferred to other clearing house members.

The AFBD said its order prevented the firm from entering into any transactions without the consent of the association's chief executive. It had intervened because of financial problems in other parts of the Woodhouse Drake & Carey group.

Woodhouse Drake & Carey's physical business arm is *larger than the futures trading* firm. No-one from the company was available for comment yesterday.

Two years ago, Woodhouse withdrew from the cocoa market and it has become less involved in coffee. But it is a big operator in the grains and vegetable oils markets through offices in Geneva and Singapore.

Panama offered banana investment

By Leslie Crawford, recently in Panama

CHIQUITA BRANDS, the world's biggest exporter of bananas, is proposing to invest $100m in Panama if President Guillermo Endara's government abolishes a tax on banana exports and liberalises the country's labour laws.

The company's Panamanian subsidiary, Chiriqui Land Company, says it will not comment on the offer while it remains under discussion. The government is reported to be keen on the proposal as Panama is starved of foreign investment.

The Chiriqui Land Company grows two-thirds of Panama's banana crop and has a monopoly of the country's exports. Abolition of the export tax would save it $14m a year.

Panama ranks seventh in world production but its high-quality fruit is prized in Europe, especially Germany, which takes 70 per cent of its produce. Chiquita's expansion plans in Panama were probably spurred by German reunification and the opening of eastern European markets.

The presidents of Latin America's banana-producing countries will meet on the Caribbean island of San Andres today to work out a common strategy for breaking into the world's biggest market for bananas – Europe, Reuter reports from Tegucigalpa.

In their first meeting in 17 years, the banana producers will explore ways to work together to tap into the EC and east European markets, officials said.

A study by the Union of Banana Exporting Companies estimates that the political changes in eastern Europe could increase the demand for bananas by 40m boxes a year – the equivalent of Panama's entire production in 1990.

The euphoria created by the prospect of satisfying hungry consumers in eastern Europe has been somewhat dampened this year by the recession in the US and Britain.

The banana-producing countries – Panama, Colombia, Venezuela, Costa Rica, Guatemala, Nicaragua and the Dominican Republic – are also concerned about the EC's plans to create a unified market. They are holding talks with the EC to ensure that its bananas do not suffer more discrimination after 1992.

In Panama, growers are celebrating a record year for exports. The 40m boxes (18kg each) represented the first time Panama has achieved its full production potential. But the success masks continuing frictions between the Chiriqui Land Company and independent producers, who account for a third of the country's export crop.

The battle, as always, is over the price the company pays independent growers for their produce. Attempts in the past to set up a rival Panamanian exporting company failed miserably, mainly because independent growers could not compete with Chiquita's world marketing network.

So Panama's independent producers are compelled to sign five- and 10-year supply contracts with the Chiriqui Land Company. In a good year, Chiquita creams the profits. In a bad year, independent growers have a guaranteed buyer and are shielded against losses.

Gulf war poses threat to plant gene banks

By Geoff Tansey

THE GULF war is threatening gene banks that contain a vital world food resource, according to a report published today by Genetic Resources Action International (Grain).

The two largest gene banks in the region – at Tel Aviv, in Israel, and Aleppo, in Syria – are in areas highly vulnerable to attack, the report says. These house about 25,000 and 90,000 seed samples respectively, while other smaller banks in Iraq and Syria are also threatened.

Many important food crops originated in the region, including bread wheat and durum wheat, barley, oats, rye, chickpeas, lentils and a wide range of nuts, fruits and spices.

Local farmers have developed over thousands of years an impressive array of varieties with genetic resistances to drought and other environmental extremes. And these are crucially important as global climatic changes are threatening, according to Grain, an international, non-profit-making organisation campaigning for the conservation and rational use of plant genetic resources.

Genetic "erosion", as local varieties are replaced by a few high-yielding varieties, already threatens future breeding programmes, Grain says. Even before the war, local efforts to collect samples from this enormous diversity and store them in gene banks were woefully inadequate in most of the region, it claims.

"Most of the well-adapted farmers' varieties and wild relatives are either lying exposed in the field or are camped up in foreign gene banks and international research centres", says the report.

A major post-war effort to establish a locally-controlled genetic conservation system is needed, believes Grain.

"The world has depended on Middle East farmers for a long time", observes Mr Renee Velve, an official of Grain, "the crops and semi-wild plants that they grow and use contain unique forms of drought resistance that will be useful to maintain farming systems against the impact of rain failure and extended desertification. Let us hope that the farmers survive to sow these future seeds".

Genes in the Gulf; Seedling. Feb 1991, Vol 8 No 1. Published by Grain. Apartado 23398, E-08080 Barcelona, Spain.

Australia 'blasted out of wheat market' by US-EC subsidy war

By Kevin Brown in Sydney

AUSTRALIA'S HARD-pressed rural sector received another blow yesterday when wheat farmers were told that their crop would fetch only A$115 (£45) a tonne, compared with A$195 last year.

Mr John Lawrenson, managing director of the Australian Wheat Board, said earlier forecasts of A$120 a tonne could not be realised because of unfair competition from the US and the European Community. "We have been forced to negotiate the sale of a significant portion of this year's crop while a subsidy war has been raging, and as a consequence it has become obvious that our earlier prediction of A$120 cannot be met," Mr Lawrenson said.

"In simple terms we have been blasted out of the market by the subsidy policies of our competitors."

Australia has complained frequently to the US and the EC in recent months that its wheat crop was being excluded from world markets by cheap subsidised grain selling at about US$70 (£35) a tonne.

Recently, the US indicated that it was prepared to double its subsidy budget to US$1.2bn in 1992, in a move it claims will force the EC to negotiate towards a free market in grains.

"Right now the US has 10m tonnes of subsidised wheat, much of it on credit, on offer around the world. That is almost as much as Australia exports in a year," Mr Lawrenson said.

"The bureaucrats in Washington and Brussels would have you believe that they specifically target their subsidies, and that they have no effect outside the recipient countries. That is nonsense. The reality is that their (so-called) red spot specials create a ripple right through the world wheat market and we are the victims."

Mr Lawrenson said the wheat board could have chosen to store grain until next year, but had decided to sell now to avoid holding costs of about A$20 a tonne and to protect market share.

The Australian Bureau of Agricultural and Resource Economics recently forecast that wheat prices would recover next year to about A$150 a tonne, but the forecast is being treated with scepticism growers, many of whom fear prices will stagnate unless the subsidy war is stopped.

The lower wheat price estimate is the second piece of bad news this week for the rural sector, following the suspension on Monday of the guaranteed price scheme in the wool industry. The average price of Australian clean wool is expected to halve to about 350 Australian cents a kilogram when auctions resume, probably on February 25, and many wool growers will make a loss in the season beginning in June.

Sugar surplus estimate raised

F.O. LICHT, the German statistics agency has raised its estimate of the world sugar surplus in 1990-91 (September-August) to 3.33m tonnes from the 1.63m tonnes it was predicting in October, according to London traders, reports Reuters.

It has now lifted its production estimate to 112.80m tonnes from 111.99m while the consumption estimate has been cut to 109.47m tonnes from 110.36m.

India has plenty more fish in the sea

Kunal Bose outlines plans to make better use of marine wealth

INDIA'S SEAFOOD industry is making progress towards fulfilling its potential to become a leading supplier to the world market, despite feeling the effects of the Gulf war.

Catch rates have been affected by a shortage of diesel that has restricted deep sea fishing and exporters have had to contend with some disruption of shipping. But according to the Marine Products Export Development Authority shipments earlier in the year were brisk enough to enable the country to come close to achieving its export target of R8.5bn (£230m) for the year ending March 1991. Last year, India earned R6.35bn from exports of 110,788 tonnes of marine products.

In view of the fact that the industry has come this far without significant government aid the annual export target of R20bn by the turn of the century suggested by the Indian Seafood Exporters Association, seems well within the realm of possibility.

The government, which has to contend with a serious foreign exchange crisis, is now doing all it can to promote seafood exports. Acquisition of fishing vessels has been made easier; proposals relating to deep sea fishing are being given quick clearances; exploratory fishing by foreign companies in collaboration with local companies in India's exclusive zone is being allowed; and bank finance is more readily available.

The government is now doing all it can to promote seafood exports

Even though Indian fishing techniques are generally antiquated, the country's production of over 3.3m tonnes a year places it seventh in the world rankings. But because of a lack of professionalism in the exporting sector and poor infrastructure, like inadequate quick freezing facilities, India does not find a place among the top ten seafood exporting countries.

The Indian seafood sector will undergo some changes once a World Bank-aided $225m development programme is implemented. This will be in two phases. The first will involve an investment of $75m to promote brackish water shrimp culture in the coastal region.

That aquaculture in India has hardly made any progress, except in some pockets, is evident from the fact that 90 per cent of its fish production is accounted for by capture fishery. India has only a 4 per cent share of world farmed production of shrimps, although this product accounts for almost 80 per cent of the value of the country's seafood exports.

The second phase of the programme, providing for an investment of $150m will aim to promote deep sea fishing by involving large industrial companies. The scope is very great as India has a 2.02m sq km (770,000 sq mile) exclusive economic zone. Even before the programme has been launched, some big Indian companies, including the Tatas, the Thapars and Hindustan Levers have entered the marine exports business.

Interestingly, Japan alone takes 60 per cent of Indian seafood exports in terms of value. Other important buyers are the US, the UK and Spain. Finding new markets is the main challenge now facing the Marine Products Export Development Authority.

Brazilian coffee production 'to fall for fourth year'

BRAZILIAN coffee production for 1991-92 will fall to 24.9m bags – the fourth consecutive year of decline, according to E.D. & F. Man, the London trader, writes David Blackwell.

Man predicts in its latest coffee market report that arabica prices will rise in the next three months as a result of tighter availability from Brazil and a reduced amount of price fixing by Central American producers.

Robustas prices will remain under pressure, however, following a recent big increase in European stocks and the prospect of a large Brazilian conillon crop of 4.7m bags (60 kg each).

Man estimates that Brazilian export registrations up to January 25 had already exceeded 15m bags out of the expected 1990-91 crop of 25m bags. Allowing between 8m and 9m bags for domestic consumption, only about 2m bag remain to be sold between now and June, the report says.

"Brazil will therefore be withdrawn from the market for periods before the new crop becomes available", Man suggests.

Its first estimate for next year's Brazilian crop allows for a 6 per cent fall in the number of coffee trees.

"A further factor which is of more serious concern is the drastic reduction in the use of fertiliser," warns the report. "This has been observed in virtually all producing regions visited".

WORLD COMMODITIES PRICES

MARKET REPORT

Comex silver futures were up by more than 16 cents a fine ounce at midday, boosted by heavy technical buying from all sectors, analysts said. Floor rumours that workers at one of Mexico's largest silver facilities were expected to strike over pay also incited the buying. The Mexican strike helped a firmer trend in both lead and zinc on the LME. Traders said mixed buying and short covering developed when it became evident that three month zinc's break above $1,200 a tonne in the morning would be maintained. The lead market featured good buying in any dip, and at one point three month business reached £325 a tonne. Cocoa prices continued to rise in London, and were ahead at midday in New York. "There's no talk of new offers from the Ivory Coast and manufacturers are continuing to give good support so the market is quite happy to rise. However nobody believes that there's no more origin-selling to come," one London trader said. New York orange juice futures were sharply higher at midday on news of cold weather for Florida. In Chicago, soyabeans were ahead at midday on concerns that forecast rains would not counter dry conditions in growing areas in Brazil.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.55-4.75t	-.425
Brent Blend (dated)	$20.25-0.35	-.725
Brent Blend (April)	$18.90-8.95	-0.50
W.T.I. (1 pm est)	$20.50-0.60t	-.475
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$239-243	-3
Gas Oil	$274-277	-19
Heavy Fuel Oil	$77-79	+2
Naphtha	$227-232	-1.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$368.25	+0.70
Silver (per troy oz)♣	376.90c	+4.90
Platinum (per troy oz)	$388.35	+2.60
Palladium (per troy oz)	$87.25	+0.25
Aluminium (free market)	$1505	-5
Copper (US Producer)	115c	
Lead (US Producer)	34c	
Nickel (free market)	402c	-4
Tin (Kuala Lumpur market)	14.63r	
Tin (New York)	257c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	111.52p	+2.36*
Sheep (dead weight)†	155.62p	+9.52*
Pigs (live weight)†	90.47p	+5.58*
London daily sugar (raw)	$209.5w	+0.5
London daily sugar (white)	$291.0w	+2.5
Tate and Lyle export price	£212.0	+0.5
Barley (English feed)	Unq.	
Maize (US No. 3 yellow)	£168	
Wheat (US Dark Northern)	£94.5	
Rubber (Mar)♥	48.00p	
Rubber (Apr)♥	48.60p	
Rubber (KL RSS No 1 Mar)	229.0m	
Coconut oil (Philippines)§	$330q	
Palm Oil (Malaysian)§	$320	+2.5
Copra (Philippines)§	$220r	
Soyabeans (US)	£136.5	+1.5
Cotton "A" index	85.20c	
Wooltops (64s Super)	365p	-38

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar/Apr. t-Apr. w-Feb/Mar z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago ♥London physical market §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	186.00	183.20	188.00
May	188.00	187.00	190.00 182.40
Aug	192.40	192.20	194.00 189.20
Oct	191.40	191.60	194.20 189.00
Dec	192.60		193.80 191.60
Mar	191.00	191.60	193.20 190.00
May	193.20	193.80	194.00 192.00
White	**Close**	**Previous**	**High/Low**
May	288.0	285.1	288.9 285.0
Aug	293.0	288.6	293.0 288.0
Oct	268.5	266.1	267.5 263.5
Dec	264.0		262.0 259.0
Mar	268.0		264.6 263.5
May	272.0		272.0 263.0

Turnover: Raw 2998 (2044) lots of 50 tonnes. White 2374 (1978)
Paris- White (FFr per tonne): Mar 1465, May 1460, Aug 1479, Oct 1351.

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Apr	18.79	19.02	19.18 18.78
May	18.10	18.21	18.40 18.10
Jun	17.56	17.75	17.85 17.56
IPE Index	20.20	20.63	

Turnover 21976 (19207)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Mar	211.25	222.00	219.00 206.00
Apr	178.50	186.00	188.00 178.00
May	165.25	174.75	172.00 165.00
Jun	164.75	170.25	167.00 164.00
Jul	164.00	169.00	167.00 164.00
Aug	165.00	170.00	168.00 165.00
Oct	168.00		167.00

Turnover 19550 (16790) lots of 100 tonnes

FRUIT AND VEGETABLES
The freezing conditions and heavy snow have hampered harvesting vegetables in both the UK and northern Europe, reports FFVIB. Good buys this week include red and white cabbage 20-30p a lb (20-30p). The adverse weather conditions has had little effect on fruit. There are plenty of citrus fruits available including pink grapefruit at 18-35p each (18-35p), juicy oranges at 5-26p each (5-28p), lemons at 15-25p each (15-25p) and Jaffa sweeties at 25-35p each (25-35p). Salad vegetables have not been too badly affected by the weather. Best buys are tomatoes at 45-75p a lb (45-75p) and iceberg lettuce at 70-95p each (95p-£1.45).

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	610	600	612 602
May	647	639	649 638
Jul	677	668	677 668
Sep	702	695	703 695
Dec	735	729	738 730
Mar	761	753	763 754

Turnover: 4846 (3189) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 13 826.57 (822.33) 10 day average for Feb 14 827.72 (828.78)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Mar	524	527	545 522
May	537	541	557 535
Jul	561	557	574 550
Sep	571	573	588 570
Nov	587	589	596 586
Jan	603	606	612

Turnover: 7454 (7038) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 13: Comp. daily 71.77 (69.18). 15 day average 68.14 (67.95)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	128.0	129.0	128.5 126.0
May	147.0	150.0	149.0 148.0

Turnover 104 (125) lots of 40 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Jun	109.50	109.00	111.00 109.50
Aug	113.00	111.50	113.00

Turnover 135 (65)lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Feb	1620	1600	1620 1604
Mar	1568	1548	1570 1540
Apr	1448	1431	1455 1430
BFI	1590	1576	

Turnover 329 (261)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Mar	124.30	124.00	124.40 124.00
May	127.80	127.65	127.85 127.60
Jun	129.80	129.65	129.85
Sep	107.15		107.40
Barley	**Close**	**Previous**	**High/Low**
Mar	114.75		114.75 114.25
May	117.50		117.50 117.00
Sep	103.80	103.60	103.60
Nov	107.30		107.30 107.20

Turnover: Wheat 394 (478), Barley 147 (5).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	107.5		107.0
Mar	110.0	107.8	109.5 108.5
Apr	109.5	107.8	109.0 108.5
May	109.5	107.8	109.0 108.5
Jun	109.5		109.0 108.5

Turnover:138 (82) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	157.22	156.26			
Feb	157.10		157.10		20
Mar	157.60		157.60		30
Apr	157.00		157.00		65
Jun	155.90	156.50	157.30	155.90	82

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 7,315 lots
Cash	1505-7	1508-10	1502	1502-3		
3 months	1537-8	1540-1	1542/1533	1533-4	1536-7	51,680 lots
Copper, Grade A (£ per tonne)						Total daily turnover 18,608 lots
Cash	1224-6	1218-20	1236/1233	1233-4		
3 months	1231-2	1218-9	1246/1227	1236-7	1228-9	107,898 lots
Lead (£ per tonne)						Total daily turnover 3,090 lots
Cash	305.5-7.5	300-1		305-7		
3 months	317-8	313-4	323/314	317-7.5	322-3	13,892 lots
Nickel ($ per tonne)						Total daily turnover 841 lots
Cash	8680-95	8725-50	8700	8650-80		
3 months	8615-20	8675-90	8675/8625	8625-30	8610-25	8,091 lots
Tin ($ per tonne)						Total daily turnover 1,222 lots
Cash	5545-55	5640-50	5550	5545-50		
3 months	5640-5	5635-40	5660/5640	5640-5	5650-60	6,482 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 8,606 lots
Cash	1220-4	1197-202		1220-3		
3 months	1210-2	1185-7	1225/1195	1210-1	1218-20	17,831 lots

LME Closing £/$ rate:
SPOT: 1.9815 3 months: 1.9505 6 months: 1.9324 9 months: 1.9114

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	368.00-368.50	
Opening	366.75-367.25	
Morning fix	366.85	185.091
Afternoon fix	368.15	185.485
Day's high	368.75-369.25	
Day's low	366.10-366.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.23	6 months	5.09
2 months	5.20	12 months	5.05
3 months	5.16		

Silver fix	p/fine oz	US cts equiv
Spot	188.95	376.90
3 months	196.05	382.90
6 months	201.75	388.95
12 months	212.35	401.55

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	368.00-369.00	185.40-185.90
Maple leaf	379.50-380.50	191.25-191.75
New Sovereign	89.50-90.50	45.10-45.60

TRADED OPTIONS

Coffee	Mar	May	Mar	May
450	73			
500	29	44	3	9
550	3	17	30	32
Cocoa	**Mar**	**May**	**Mar**	**May**
550	60			
600	14	62	4	15
650		33	40	36
Brent Crude	**Apr**	**May**	**Apr**	**May**
1900	110		120	
1950				
2000	110	90		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	368.2	367.2	369.0	367.0
Mar	368.4	367.7	369.9	369.9
Apr	370.2	369.5	371.8	369.2
Jun	373.3	372.6	375.0	372.3
Aug	376.4	375.7	377.5	377.5
Oct	379.6	378.9	0	0
Dec	382.8	382.1	382.8	381.8
Feb	386.2	385.5	386.5	386.5
Apr	389.5	388.8	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	386.2	381.3	387.5	384.0
Jul	389.9	385.0	390.5	387.5
Oct	393.7	388.8	393.0	392.5
Jan	398.0	393.1	397.5	397.5
Apr	403.2	398.3	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	382.6	374.3	0	0
Mar	383.3	375.3	392.0	375.5
Apr	385.4	377.4	0	0
May	388.2	380.2	397.0	380.5
Jul	393.0	384.9	401.0	385.0
Sep	397.8	389.8	398.0	391.0
Dec	404.9	396.9	412.0	398.0
Jan	406.3	398.3	0	0
Mar	412.3	404.3	412.0	411.0
May	417.7	409.7	412.0	411.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	110.40	111.90	112.50	110.40
Mar	109.60	110.95	111.45	109.30
Apr	107.80	109.30	108.30	107.80
May	108.30	107.85	108.30	108.10
Jun	105.80	107.25	0	0
Jul	105.05	106.40	107.15	105.00
Aug	104.50	105.65	0	0
Sep	103.80	104.90	105.60	104.20
Oct	103.30	104.35	0	0
Nov	102.85	103.85	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	123.45	122.15	126.60	123.25
May	123.75	122.70	126.00	123.00
Jul	124.00	122.00	126.25	123.50
Sep	124.00	122.00	127.00	125.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Mar	22.32	22.56	22.48	22.16
Apr	20.49	20.77	20.70	20.42
May	19.59	19.78	19.70	19.48
Jun	18.91	19.05	19.05	18.85
Jul	18.50	18.61	18.60	18.42
Aug	18.30	18.37	18.35	18.25
Sep	18.22	18.28	18.30	18.15
Oct	18.16	18.18	18.25	18.10
Nov	18.15	18.17	18.25	18.06
Dec	18.15	18.17	18.30	18.10

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Mar	6596	6711	6665	6510
Apr	5830	5948	5920	5800
May	5450	5548	5530	5431
Jun	5170	5265	5235	5175
Jul	5070	5165	5130	5080
Aug	5110	5190	5155	5120
Sep	5220	5295	5270	5235
Oct	5315	15385	5350	5335
Nov	5410	5475	5450	5440
Dec	5505	5565	5550	5540

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1184	1140	1186	1140
May	1204	1168	1207	1172
Jul	1229	1198	1233	1204
Sep	1263	1234	1265	1241
Dec	1308	1288	1310	1295
Mar	1348	1328	1350	1340
May	1380	1380	0	0
Jul	1410	1390	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	91.70	91.20	92.00	90.25
May	93.95	93.60	94.25	92.75
Jul	96.15	95.85	96.50	95.00
Sep	98.30	98.00	98.50	97.30
Dec	101.00	100.95	101.00	100.50
Mar	103.75	103.00	0	0
May	104.75	105.00	104.50	104.50
Jul	108.00	106.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.50	8.28	8.59	8.12
May	8.43	8.30	8.53	8.14
Jul	8.41	8.30	8.47	8.15
Oct	8.39	8.32	8.48	8.20
Mar	8.51	8.48	8.60	8.38
May	8.54	8.52	0	0
Jul	8.66	8.64	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	84.17	83.63	84.25	83.45
May	83.03	82.38	83.30	82.25
Jul	81.92	81.33	82.30	81.30
Oct	70.80	70.21	71.05	70.21
Dec	67.26	66.90	67.30	66.80
Mar	67.65	67.28	67.75	67.40

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 14	Feb 13	mnth ago	yr ago
1664.8	1666.4	1681.6	1793.6

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb 13	Feb 12	mnth ago	yr ago
Spot	122.37	122.13	122.97	129.99
Futures	127.99	127.31	126.08	131.94

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	572/6	573/6	578/0	572/0
May	587/2	587/6	592/4	586/0
Jul	600/6	601/4	606/0	600/2
Aug	606/4	606/6	611/0	606/4
Sep	609/2	609/0	612/4	608/4
Nov	618/2	618/0	622/4	618/0
Jan	629/0	629/4	634/2	629/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	21.29	21.14	21.44	21.16
May	21.63	21.51	21.82	21.53
Jul	21.96	21.81	22.10	21.85
Aug	22.05	21.90	22.20	22.00
Sep	22.15	22.03	22.25	22.09
Oct	22.17	22.06	22.30	22.15
Dec	22.40	22.24	22.55	22.30
Jan	22.50	22.32	22.50	22.50

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	167.4	168.4	168.9	167.1
May	171.8	172.2	173.2	171.5
Jul	176.1	176.1	177.3	175.6
Aug	177.8	177.5	179.2	177.7
Sep	179.9	178.8	180.7	179.5
Oct	181.5	179.5	182.0	181.0
Dec	184.1	183.2	185.2	183.5
Jan	184.0	184.0	184.0	184.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	238/6	239/2	240/0	238/2
May	247/4	247/6	248/6	247/0
Jul	254/0	254/0	255/0	253/4
Sep	256/2	255/2	256/0	254/6
Dec	257/4	257/2	258/2	256/4
Mar	265/0	264/4	265/6	264/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	256/2	255/2	257/2	254/6
May	266/4	265/0	267/2	265/0
Jul	276/6	275/2	277/6	275/0
Sep	283/0	282/0	284/2	282/4
Dec	297/0	295/0	297/6	295/2
Mar	304/0	302/0	304/0	302/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	78.72	78.70	78.80	78.57
Apr	78.40	78.17	78.42	78.05
Jun	75.10	75.05	75.15	74.85
Aug	73.72	73.70	73.85	73.57
Oct	73.70	73.67	73.85	73.57
Dec	74.07	74.02	74.25	74.07

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	52.07	51.80	52.15	51.45
Apr	49.40	49.00	49.70	48.62
Jun	54.62	54.20	54.75	53.87
Jul	54.35	54.05	54.47	53.75
Aug	51.56	51.52	51.80	51.25
Oct	46.60	46.60	46.80	46.60
Dec	46.70	46.70	47.05	46.65

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	64.80	64.27	64.90	63.30
Mar	64.35	63.27	64.50	62.27
May	63.70	63.10	63.82	62.12
Jul	62.35	61.65	62.50	60.90
Aug	60.80	59.85	60.80	59.50
Feb	58.62	58.55	58.62	58.60

LONDON STOCK EXCHANGE

Continental buyers drive UK equities

THE WIDELY-held conviction that this week's cut in UK base rates is the first step in a series of similar interest rate reductions aimed at lifting the British economy out of recession brought heavy buying of UK stocks yesterday. The stock market rose by 26.6 Footsie points in one of the heaviest days' trading since Britain's entry into the European exchange rate mechanism at the beginning of October.

It was demand for UK stocks from Continental institutions that drove the London market ahead yesterday. One European institution was believed to be seeking to put as much as £150m into London; most went into a broad range of blue chips, apparently reflecting increasing belief in Europe that the UK market is looking ahead towards the end of the current recession. Most of yesterday's European cash was aimed directly at the equity market, with only a small part invested through the stock index futures; arbitraging between futures and equities has become difficult because of the lack of stock.

Account Dealing Dates		
First Dealings:		
Jan 28	Feb 11	Feb 25
Option Declarations:		
Feb 7	Feb 21	Mar 7
Last Dealings:		
Feb 8	Feb 22	Mar 8
Account Day:		
Feb 18	Mar 4	Mar 18

"New-time dealings may take place from 8.30 am two business days earlier.

Equities opened strongly, breaking through the 2,300 hurdle to reach 2,306 in early trade. But this proved to be the day's peak and the index failed to hold above 2,300 on several further occasions during the session.

At the close, the FT-SE Index stood at 2,294.4 for a gain on the day of 26.6 points. The pace slackened in the final minutes when Wall Street was making a slow start to the new session and hints of an impending rights issue circulated in London.

UK economic data on wages, employment and industrial output, announced yesterday, played a minor role in the stock market. The modest rise in January unemployment was slightly below expectations but the data is regarded as volatile.

UK institutions were not quite as aggressive as their Continental counterparts and showed themselves ready to take profits when the opportunity arose. However, there were plenty of fund managers anxious to switch out of the defensive issues which have been leading the market over the past fortnight and into new areas now regarded as overlooked. Market makers were still short of stock and suffered another severe squeeze on trading positions as they struggled to find stock to meet the buyers.

This wide range of investment interest pushed the day's Seaq trading volume to 712.6m shares, a total exceeded only once since ERM entry – the last day of January saw equity volume at 833.5m shares.

Buying of equities was spread across the principal market sector, with some of the construction and retail issues responding strongly to the cut in domestic interest rates; Redland, Ranks Hovis McDougall, GKN, Rolls-Royce and Tesco, all recorded high levels of turnover. But a notable exception to the trend was Marks & Spencer, the clothes and food retailer which rates highly in its sector.

One indication of the increased investment optimism was the revival of bid interest. A number of old favourites were in the spotlight yesterday, including Hawker Siddeley, which has been hinted at as a target for BTR.

Market strategists commented favourably on the increase in equity volume and on the signs of Continental investment in the London market. However, the market's difficulty in holding above the Footsie 2,300 mark was regarded as a sign that domestic institutions, at least, are unwilling to chase share prices higher at present.

Marks left behind

MARKS AND Spencer put in a poor performance, falling 6 to 234p against a rising market. Turnover expanded to 5.7m as a series of speculative stories depressed the shares.

The main suggestions were that food sales were weak and clothing was suffering in the general malaise in retailing. The cold snap was also believed to have hurt sales growth.

There was talk that a stockbroker was set to downgrade its profits estimates. Analysts at Hoare Govett, which recently issued a sell note, said Marks might have weakened merely because the shares were on such a high rating.

Fisons strong

Fisons outperformed even the buoyant pharmaceuticals sector after a buy recommendation from Hoare Govett highlighted a US report on asthma.

The report, by the US National Heart Lung and Blood Institute, found that in moderate and chronic asthma, Fisons' Intal should be used as part of the therapy. Recommendations from the institute are "authoritative and influential", said Mr James Culverwell of Hoare.

The shares climbed to 410p in busy trading before settling at 403p, still a net advance of 11. Turnover was 5m, a level only breached four times since the start of 1990.

NSM warning

NSM shares were among the market's worst casualties, dropping by around a third after the coal and building products company warned that its results for the year to end-March 1991 would be "significantly lower" than the previous year. In that period NSM made profits of £26.19m.

The company blamed the decline in the building and property sectors in the UK for the projected dive in profitability. NSM closed 11 down at 21p. Turnover reached a much higher than usual 6.3m shares. On Wednesday two blocks of 2.5m shares in NSM were recorded on the Seaq ticker at 30p each.

Tarmac rights talk

Wednesday's interest rate cut and the prospect of more to come drove the building sector sharply higher, although there was a handful of underperformers. Of these, Tarmac stood out after a relatively firm start to close a net 2 easier at 255p.

The retreat in the Tarmac share price was accompanied by heavy trading. Turnover reached 13m, way ahead of usual levels of business in the shares. This figure included several large lines of stock, including two separate blocks of 3.5m, transacted at 254¼p and 255p, and two lines of 700,000 shares, transacted at 256p each.

One story mooted towards the close of trading was that the group might be lining up a rights offer. A sector specialist said: "The company's debt burden remains high – around £450m at the end of 1990, with gearing at 50 per cent-plus – and a rights issue cannot be ruled out at some stage." He added that debt reduction was a high priority at Tarmac.

Banks suffered from having outpaced the rest of the equity market over recent sessions and attracted a flurry of profit-taking. Midland was particularly hit, closing 5 down at 182p, with the debate over a possible dividend cut still going on. The bank was also regarded as a potential rights issue candidate.

Life assurances, upset by Kleinwort's caution on the sector, were again under pressure, with one of the leading integrated securities houses said to be about to publish a bearish note on the sector, focusing especially on Legal & General.

Fourth quarter figures from BP contained little in the way of surprises, although the quarterly dividend was seen as satisfactory in that the market had been moving to a more cautious stance on the payment.

The shares underperformed both the oil group and the wider market, with analysts taking the view that the outlook for the whole of the sector remained suspect.

At Hoare Govett, Mr Brendan Wilder said the tone for the sector "is not bullish, it is under pressure on the oil price and exchange rates – 1991 looks a difficult year". He described BP's payment as in line with expectations and pencilled in a 1991 dividend forecast of 17p. Smith New Court reduced its prediction from 17.5p to 17.1p, while Crédit Lyonnais Laing is going for 17.2p.

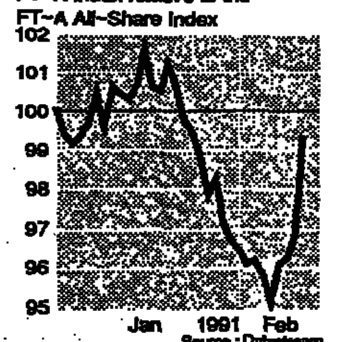
Mr Fergus MacLeod at County NatWest expects BP to pay 17p for 1991: "BP said it would try to match inflation in its payments, and we expect inflation of just over 6 per cent, which ties in nicely." But He cautioned that BP could be heading for its first ever quarterly loss. At the close BP was a penny easier at 308p on turnover of 7.6m.

Internationals had yet another good day, with more record highs being set, although the sector closed below the session's best levels.

There were widespread shortages of stock, with Reckitt & Colman pushed 40 higher to 1394p and Glaxo adding another 7 at 945p. Reuters advanced 25 to 774p in good two-way volume dominated by US buying; turnover totalled 1m shares.

Textiles

FT–A Index relative to the FT–A All–Share Index



Source: Datastream

Having broken through the record low set in 1980, the level of the textile sector, as measured against the rest of the market, bounced sharply this week. The recovery continued yesterday, stimulated by the prospect of further interest rate cuts and led by the sector leaders Coats Viyella and Courtaulds Textiles. The buying interest was limited by a shortage of stock but nevertheless spilled over into second line shares. There were good gains recorded by Tootal, Dawson International and Readicut.

UK and European institutions chased SmithKline Beecham in early trading. The shares rose 20, prompting US selling after Wall Street opened. They closed still 9 up on the day at 676p.

International brewery issues were encouraged by a 15 per cent rise in net income from LVMH, the French luxury goods group with which Guinness has a 24 per cent cross-holding. Guinness was 16 better at one point but ended just 3 ahead on balance at 807p.

There was no stopping Grand Metropolitan, which reached another new high. It rose 20 to 734p on higher than average turnover of 4.2m. The company will have an American Depository Receipt listing next month. An ADR makes it easier for the shares to be traded by US institutions.

FKI dipped 1¼ more to 40½p on good turnover of 3.7m after the company's own broker, Panmure Gordon, downgraded its current year forecast by £13m to £40m and said it expected FKI to cut the final dividend from last year's 2p to 1.3p. Mr Angelos Anastasiou at Panmure said FKI pursued a policy of wanting its dividend covered at least two times "other than in exceptional circumstances".

Panmure said the downgrade stemmed primarily from the increasing weakness of the US automotive market, coupled with contract losses within UK engineering activities, a weak dollar and a higher than expected level of redundancies.

Third quarter figures from British Telecom - profits up 13 per cent at £787m were at the top end of expectations – drew a good reception from the market, where BT shares advanced 6 to 301p. One analyst described the results as a good solid performance in difficult market conditions.

Racal Electronics advanced 8 to 189p after Henderson Crosthwaite issued a strong buy recommendation on the stock, taking the view that the big US selling of the past year has come to an end and that the expected demerger would lead to a sharp upward rerating of Racal Electronics relative to Racal Telecom. The latter moved up 10 to 311p.

News of a small US expansion by Ladbroke triggered busy trade in the stock. Turnover reached 8.3m as the shares climbed 21 at one point before closing 13 better at 249p.

William Low fell 15 to 307p after Goldman Sachs bought IEP Securities' 11m ordinary shares at 290p and then placed them with institutional investors at 294p. Goldman also placed 8m convertible shares.

With IEP's 20 per cent stake in William Low now disposed of attention turned to IEP's 14.1 per cent holding in Budgens, which rose 4 to 52p, having touched 57p. Argyll, up a penny to 272p, continued to be mentioned as a possible bidder for the stake, although analysts thought IEP would wait for the shares to move closer to the original purchase price before selling. IEP's last purchase of shares was at 62p but much of the stake was built up at more than 100p.

Maxwell Communication was one of only eight constituents of the FT-SE 100 to show a decline on the day. Today the buyer of a put option for 30m Maxwell shares can exercise it. The option was sold by Bishopsgate Investment Trust, a nominee company acting on behalf of Mr Robert Maxwell's corporate interests, to an unidentified buyer widely believed in the City to be a US securities house. The strike price for the option is 152p and the shares yesterday eased a penny to 149p. The low turnover of 79,000 inclined analysts to believe that only a small proportion, if any, of the option might be exercised.

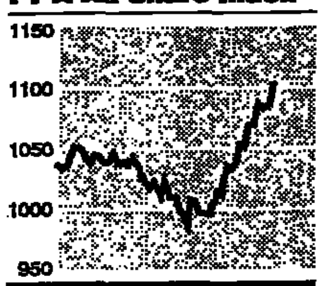
Traders said the good performances in the publishing sector were helped by figures from News Corporation, the Australian media multinational, and its UK subsidiary News International. News International added a penny at 124p, while Pearson rose 23 to 698p, Reed International 6 to 394p, United Newspapers 10 to 330p and Emap 11 to 215p.

The appearance on the overnight ticker of 40m shares traded at 6p in Flagstone Holdings, a marine and leisure, property and industrial services group, was followed yesterday by the announcement that Almansa, an unquoted company, had taken a 14.99 per cent stake, accounting for 20⅛m shares. The stock jumped 1¾ to 3p.

An otherwise quiet property sector was enlivened just before the close with a trade of 5m Land Securities at 563p. The shares gained 4 to 562p.

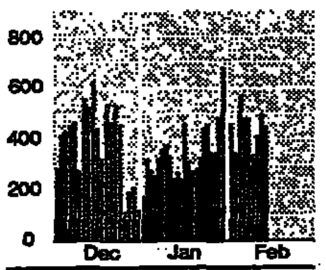
■ Other Market statistics, including the FT-Actuaries share index, Page 25

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (115).

BRITISH FUNDS (86) INT.BANK & O'SEAS GOVT. STLG. ISSUES (2) BANKS (2) BREWERS (5) BUILDINGS (3) CHEMICALS (2) STORES (6) ELECTRICALS (2) ELECTRICITY (2) ENGINEERING (1) FOODS (6) INDUSTRIALS (19) Airsprung Furniture, BTR Wrrnts. 1994-95, Cornwell Parker A, Creighton Naturally, De La Rue, Diploma, Fisons, Hepworth, Isotron, Kalon, RCO, Rank Organ. 8¼pc (Net) Cnv. Cm. Rd. Prf., Reckitt & Colman, Rolfe & Nolan, Serco, SmithKline Beecham A, Spring Ram, Tomkins 6¼pc Cm. Prf., Wolseley, INSURANCE (1) PAPERS (1) PROPERTY (4) SHOES (2) TOBACCOS (1) TRUSTS (17) WATER (1) OILS (1).

NEW LOWS (26).

BUILDINGS (4) CHEMICALS (1) ELECTRICALS (4) INDUSTRIALS (5) Copymore, Dockus, EFG, Eurocopy, Wilshaw. LEISURE (1) MOTORS (1) PAPERS (2) PROPERTY (2) TRUSTS (2) OILS (2) MINES (1).

FINANCIAL TIMES STOCK INDICES

	Feb 14	Feb 13	Feb 12	Feb 11	Feb 8	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	85.74	85.29	85.03	85.05	85.15	80.87	85.74 (14/2/91)	74.13 (30/4/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.92	93.28	93.16	93.61	93.60	91.00	93.92 (14/2/91)	83.80 (30/4/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1817.5	1791.7	1781.1	1793.7	1760.2	1829.5	1968.3 (3/1/90)	1510.4 (24/9/90)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	136.1	136.1	135.1	137.1	138.1	292.3	378.5 (6/2/90)	129.2 (6/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2294.4	2267.8	2264.5	2279.0	2245.2	2313.8	2463.7 (3/1/90)	1990.2 (28/9/90)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	1013.02	1007.10	997.57	997.27	985.20	-	1013.02 (14/2/91)	900.45 (14/1/91)	1013.02 (14/2/91)	900.45 (14/1/91)
Ord. Div. Yield	5.27	5.35	5.38	5.35	5.45	4.71				
Earning Yld %(full)	10.97	11.15	11.20	11.15	11.35	11.38				
P/E Ratio(Net)(☆)	11.02	10.84	10.79	10.85	10.65	10.63				
SEAQ Bargns 4.45pm	34,226	31,073	35,567	33,826	27,239	25,443				
Equity Turnover(£m)†	-	924.05	1090.71	844.62	755.81	1026.85				
Equity Bargains†	-	30,458	35,925	34,095	27,039	25,219				
Shares Traded (ml)†	-	450.0	499.0	406.8	342.2	524.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/8/90. ☆ Nil 10.83

Ordinary Share Index, Hourly changes — Day's High 1825.6 — Day's Low 1791.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1791.7	1799.2	1809.5	1823.1	1820.1	1816.7	1822.1	1818.4	1817.5

FT-SE, Hourly changes — Day's High 2306.0 — Day's Low 2276.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2278.8	2278.4	2287.6	2304.1	2301.5	2296.0	2300.3	2296.5	2294.7

FT-SE Eurotrack 100, hourly changes — Day's High 1014.11 — Day's Low 1011.45

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1013.96	1013.28	1013.77	1013.64	1012.35	1011.99	1012.92

GILT EDGED ACTIVITY

Indices*	Feb 13	Feb 12
Gilt Edged Bargains	114.3	91.6
5 – Day average	94.1	93.2

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	1,000	187	+4	Courtaulds	377	359	+5	MEPC	1,700	540	+4	Smith (W.H.) A	2,300	353	+3
ASDA Group	2,900	127		Dalgety	141	378	+2	Manpower	1,800	68	+2	Smith & Nephew	3,900	103	+2
Abbey National	3,700	261	+4	Dixons	1,000	168	+4	Manweb	214	213	+5	SmKl Beecham	3,900	676	+9
Albert Fisher	2,400	116	+1	ECC Group	1,000	398	-3	Marks & Spencer	5,300	234	-6	SmKl Beecham Uts.	0	2948	+65
Allied-Lyons	3,000	513	+1	Eastern Elect.	2,100	171½	+5½	Maxwell Comms.	79	148	-1	Smiths Inds.	784	251	+6
Amstrad	1,600	69	+4	East Midland Elect.	2,300	185	+10	Midland Bank	2,700	182	-5	Southern Elect.	857	177½	+3
Anglian Water	1,600	305	+8	Enterprise Oil	1,100	542	+2	Midlands Elect.	2,700	180	+5	South Wales Elect.	917	201	+11
Argos	257	282	+4	Eurotunnel Units	258	470		NatWest Bank	3,400	299	+1	South West Water	26	312	+2
Argyll Group	2,700	272	+1	FKI	3,700	40½	-1½	Next	1,200	25½	-1½	South West. Elect.	774	187	
Ass. Brit. Foods	171	491	+2	Ferranti	1,900	10		North West Water	2,000	301	+8	Southern Water	380	282	+2

APPOINTMENTS

Shell Group managing director

THE "SHELL" TRANSPORT AND TRADING COMPANY has appointed Mr Mark Moody-Stuart (pictured) as a director from July 1. He also becomes a managing director of Royal Dutch/Shell Group from the same date. Mr Moody-Stuart, who joined the group in 1966 as a geologist, is exploration and production co-ordinator for the Royal Dutch/Shell Group.

■ ECOMAX UK, Northampton, British arm of Rockwool of Sweden, has promoted Dr Julian Wilczek to the board as technical director.

■ Mr Frank W. Edwards is joining the board of BIMEC INDUSTRIES. He is vice president of the China-Britain Trade Group.

■ CITIBANK has appointed Mr David Hopkins as a non-executive director of Citibank Investment Management.

■ Mr Nicholas George, a director of Barclays de Zoete Wedd Securities, has been appointed London head of South East Asian equities.

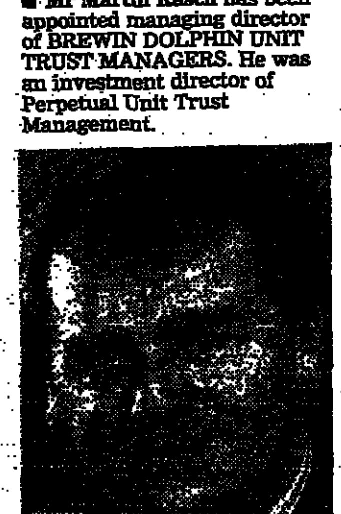
■ PERFORMANCE PANELS, Bradford, part of the Henry Barrett Group, has promoted Mr Martin Osborne from operations director to managing director. Mr Richard Brown has been appointed research and development director. He was senior project architect at YRM Architects and Planners.

■ Mr Leon R. Allen has been appointed chairman of DEL MONTE FOODS INTERNATIONAL in addition to his role as chief executive of the group. Mr Allen led the management buy-out last year of Del Monte's canned fruit and beverages business.

■ Mr John Brace has been promoted from general manager to director, dealer operations, for SUBARU (UK) and ISUZU (UK).

■ W.I. CARR GROUP, part of Banque Indosuez Group, has appointed Mr Brian Morel to a senior executive post in W.I. Carr Financial Services. He was managing director of Guinness Mahon Financial Services.

■ Mr Martin Rasch has been appointed managing director of BREWIN DOLPHIN UNIT TRUST MANAGERS. He was an investment director of Perpetual Unit Trust Management.



Mr Dennis Deeks has been appointed to the new post of group development director of JEYES GROUP, with special responsibility for corporate planning and acquisitions. He is succeeded as group finance director by Mr Derrick Broomfield (pictured) who joins from Pizza Hut UK where he was financial controller.

■ From March 1 Mr Bernward J. Rohmann becomes general manager of the London branch of HESSISCHE LANDESBANK-GIROZENTRALE. He was head of DM-treasury at J.P. Morgan, Frankfurt, and succeeds Mr Frederick R. Hopson who has been appointed executive vice president and general manager of the investment banking division in Frankfurt.

Beer division

■ SCOTTISH & NEWCASTLE BREWERIES is forming a beer division, effective from May 1 and based in Edinburgh. The new subsidiary will cover beer production, wholesaling, marketing, sales and distribution, as well as malting, and wines and spirits. Its board will be: Mr Gavin Reed, chairman; Mr Roy Summers, managing director, production; Mr Alastair Mowat, managing director, commercial; Mr Hugo Page Croft, managing director, wholesale; Mr Tom Ward, finance director; and Mr Robin Holms, personnel director.

■ SAVILLS has promoted Mr Aubrey Adams to managing director. He was finance director, and will continue to be responsible for finance. Mr Robert Dean, deputy chairman of Savills, takes over as chairman of the commercial division from Mr Ted Simon who is leaving to pursue other interests. Mr James Marland becomes managing director of the division. Mr Geoffrey van Cutsem becomes managing director of the newly combined agricultural/residential division, with Mr George Inge as chairman.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Contd

CANADIANS

Continued on next page

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£13¾	£9	ABN Amro F15	£9½	.....	Q28%	2.1	8.8	5.3
303	121	ANZ SA1	138	+2	Q38c	1.9	11.2	4.8
267	172	Abbey National 10p	261	+4	5.7	4.3	2.9	10.6
*274	126	Allied Irish Ord.	155	+1	†Q40%	3.3	5.8	7.0
85	47	Anglo Irish	57	+2	Q18.6%	2.3	7.3	7.5
93	58	Ansbacher (H.) 1p	58	.....	2.5	1.3	5.7	16.7
£71¼	£32½	Bancaire Cie Fr100	£51¼	–1¼	hQ12¼%	–	2.3	–
£22⅛	£12½	Banco Bilbao Viz	£15¼	+¼	Q49.1%	2.7	5.3	6.9
£58⅝	£21⅝	Banco de Santander	£24½	.....	Q28.7%	♦	5.0	♦
280	130	Bank Ireland Ir£1	167	+3	Q14.7%	2.9	7.9	5.9
£19½	£18	Bank Leumi	£19½	.....	–	–	–	–
351	320	Bank Leumi (U.K.) £1	350	.....	†15.0	–	5.7	–
134	100	Bank Scotland	128	+1	†4.55	3.4	4.7	8.2
103¾	83¾	Do 9¾pc Irrd Pf £1	103¾	+½	9¾%	–	11.9	–
106¾	99½	Do. 9¾pc Irrd Pf £1	106¾	+½	9¾%	–	12.2	–
54	39	Bank of Wales	42	.....	2.8	0.8	8.9	(20.2)
428	290	Barclays £1	408	+1	†h19.57	3.5	6.5	5.5
22	9	Benchmark 20p	9	.....	0.75	–	11.1	–
335	195	Brown Shipley £1	210	.....	‡12.0	2.2	‡	6.8
*435	285	Cater Allen £1	434	+1	F24.5	–	7.5	–
179	29	Chancery	42	–1	‡9.0	2.7	‡	1.7
£23¾	£14	Commerzbk DM10	£17⅞	+¼	Q18%	–	3.6	–
£13¼	620	Dai Ichi KBk Y50	983	+10	Q17%	6.2	0.4	42.6
£313⅞	£189½	Deutsche Bk DM50	£223¼	–¾	Q28%	–	2.1	–
£20⅞	£14⅝	Espirito Santo	£16½	.....	Q75c	5.1	2.3	8.5
253	152	First Nat. Fin. 10p	178	+4	13.0	1.2	9.7	(10.6)
121	78	FNFC 6.3pc Cv Pf £1	93	+4	6.3%	–	9.0	–
£13⅛	633	Fuji Bank Y50	997	–7	†Q17%	6.9	0.3	42.4
325	262	Gerrard & National	314	+2	19.0	–	8.1	–
154	68	Guinness Mahon 10p	68	.....	1.45	–	2.8	–
328	194	Hambros 20p	249	.....	†11.5	–	6.2	–
128	88	Do 7.5pc Cv Pf £1	110	+1	7½%	–	9.1	–
53½	29	HK & Shang HK$2.50	36	.....	KQ39c	–	7.7	–
478	373	Joseph (Leo) £1	378	.....	15.85	–	5.6	–
150	105	King & Shaxson 20p	125	.....	10.25	–	10.9	–
423	249	Kleinwort Benson Grp.	325	–5	16.0	2.5	6.6	7.7
642	316	Kyowa Bank Y50	438	+11	Q14%	♦	0.7	♦
335	220	Lloyds £1	322	–2	†13.3	2.6	5.5	7.6
56	44	Lon. Scot. Bank 10p	49	+2	2.75	1.7	7.5	9.0
404	150	Midland £1	182	–5	†18.0	2.6	13.2	3.8
£14½	£10⅛	Mitsubishi Bank Y50	£10⅛	.....	†Q17%	♦	0.3	♦
£12¼	£7¾	Mitsubishi Tst & Bk Y50	£7⅞	+⅛	Q17%	12.4	0.5	14.9
£10⅝	£4⅞	Mitsui Taiyo Kobe Y50	£7⅞	–⅛	†Q16%	6.0	0.4	39.9
904	410	Mitsui Tst & Bk Y50	580	–7	Q17%	♦	0.6	♦
326	203	Nat. Aust. Bk. A$1	241	–2	Q55c	1.5	9.3	7.2
368	227	NatWest £1	299	+1	†16.7	3.3	7.4	5.5
£210	£100	Ottoman Bank	£105	.....	Q110%	2.8	10.5	3.4
55	24	Rea Bros. Group	26	.....	0.5	3.2	2.6	13.0
227	119	Royal Bk. Scotland	184	+4	8.4	2.3	6.1	9.4
795	338	Saitama Bank Y50	434	–1	♦Q14%	♦	0.6	♦
£12¼	567	Sanwa Bank Y50	906	+19	Q17%	6.7	0.4	39.7
902½	613	Schroders £1	699	+2	h12.5	5.9	2.4	9.4
712½	413	Do. £1 N/V	473	.....	h12.5	5.9	3.5	6.4
£25¼	£9⅛	Sec. Pacific $10	£13¾	+⅛	Q$2.52	–	9.3	–
616	205	Standard Chartd. £1	281	+6	35.0	1.4	16.6	(5.3)
£16¼	£5½	Sumitomo Bank Y50	£9	+⅛	†hQ16%	7.5	0.3	37.4
£11	£4⅞	Sumitomo Tst & Bk Y50	£6⅞	–⅛	Q17%	6.9	0.5	29.5
153	114	TSB	148xd	+1	6.4	q2.1	5.9	11.0
175	112	TSB Bank Ch'nel Is'l	134	+4	dQ8.0	3.8	6.0	5.4
£46⅜	£41⅛	Tokai Bank Y50	£6½	+⅛	Q16%	4.1	0.5	49.6
920	484	Toyo Tst & Bk Y50	719	–2	hQ15.2%	6.9	0.4	34.3
611	499	Union Discount £1	555xd	–2	35.0	♦	8.4	♦
525	284	Warburg (S.G.)	376	+2	15.0	3.0	5.3	8.4
180	98	Do 6pc Cnv Prf £1	128	+2	6%	–	6.2	–
279	128	Westpac $A1	160	–1	Q52.5c	1.2	13.4	6.1
420	286	Wintrust 20p	303xd	+8	†8.7	4.3	3.8	8.0
964	504	Yasuda Tst & Bk. Y50	686	.....	Q17%	5.9	0.5	34.3

Hire Purchase, Leasing, etc.

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
175	40	CLF Yeoman 50p	50	.....	†Q18.5%	3.2	‡	2.4
71	40	Cambridge Grp Ir5p	45	.....	†Q7¼%	15.6	0.7	10.9
55	11	Capital Leasing Ir10p	38½	+2	†hQ3¼%	3.5	3.1	9.5
94	46	Cattle's (Hdgs) 10p	61	.....	K3.8	1.9	8.3	9.3
426	362	Prov. Financial	423	.....	†20.5	2.1	6.5	9.8
*232	119	Pelier Invs. Ir5p	119	.....	†gQ5¼%	7.9	2.0	8.7
225	192	Secure Trust Grp. 1p	200	.....	†8.5	2.8	5.7	8.4
210	135	Woodchester IR20p	167	.....	†Q16.7%	5.9	1.8	12.4

BEERS, WINES & SPIRITS

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
524	408	Allied-Lyons	513	+1	†16.95	2.3	4.4	11.1
£26⅜	£18⅛	Anheuser-Busch $1	£23½	+⅛	Q$1.00	–	2.2	–
1128	895	Bass	984	+7	32.4	2.9	4.4	10.1
170	124	Boddington	147	+1	†5.1	2.3	4.6	12.4
206	161	Bulmer (H.P.) 5p	192	+7	†7.65	1.7	5.3	12.9
227	108	Burtonwood Brewery	108	–1	3.98	3.1	4.9	7.8
400	290	Clark (Matthew)	375	+15	13.5	3.0	4.9	9.0
266	115	Devenish (J.A.) 5p	157	+3	5.3	2.5	4.5	11.0

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 071-925-2128

MOTORS, AIRCRAFT TRADES

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
131	50	ABI Leisure 10p ...ψ	50	.....	3.1	4.4	8.3	3.4
£14½	£5½	DAF N.V. Fl5........	£6½	+⅛	Q50%	2.0	11.5	4.3
149	79	General Mtrs Units..	92	+2	±Q12½%	–	6.9	–
41	9	♦March Group 5p..ψ	13		B–	–	–	–
$222¼	£201	Volkswagen DM50	£116	+⅛	Q22%	3.5	3.2	9.2
£44	£18	Volvo AB 'B' Kr25..	£21	–⅛	Q62%	4.3	6.6	3.5

Commercial Vehicles

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
253	68	ERF (Hldgs).........ψ	120	.....	‡10.0	1.6	†	7.3
180	48	Plaxton Grp..........ψ	52	.....	8.5	2.0	21.8	2.9

Components

1990/91 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
463	420	Abbey Panels.........	463	.....	3.5	10.8	1.0	12.3
225	123	Airflow Streamlines.ψ	125	.....	6.0	3.0	6.4	7.0
190	140	Bostrom 5p...........ψ	140	–5	15.75	3.1	5.5	6.4
266	145	Dowty 50p............ψ	163	+7	19.0	2.1	7.4	7.8
239	110	FR Group.............ψ	135	+1	6.37	3.1	6.3	6.9
135	55	Kwik-Fit Hldgs. 10p.ψ	98	+1	†2.4	2.3	3.6	16.6
174	102	Lucas Inds...........ψ	146	+3	7.0	2.5	6.4	7.2
44	14	Do. Warrants.........ψ	24½	+1	–	–	–	–
80	49	♦Mid-States 10p..ψ	49	.....	s20.75	–	2.0	30.8

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY – Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUST

[illegible]

INVESTMENT TRUST – Contd

[illegible]

INVESTMENT TRUST – Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish Stocks, the latter being quoted in Irish currency.

Craig & Rose £1...ψ	675	.....
Finlay Pkg. 5p....ψ	33	.....
Holt (Jos) 25p.....ψ	1388	.....

IRISH

Cap. 8½% Ln. 1991...	£99½	+⅛
9pc Cap Ln. 1996...	£96⅜	+⅛
Fin. 13% 97/02....	£113	+⅛
Arnotts..............	160	+7
Carrol (P.J.)........	154	.....
Helton Hldgs........γ	40xd	.....
IRG..................	132	.....
United Drug.........	135	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	46
BOC Grp	28
BTR	25
Barclays	30
Blue Circle	19
Boots	29
Bowaters	43
Brit Aerospace	45
British Steel	10½
Brit. Telecom	25
Cadburys	28
Charter Cons	38
Comm Union	40
Courtaulds	28
Eurotunnel	35
FKI	5
FNFC	20
Gen Accident	41
GEC	15
Glaxo	68
Grand Met	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd	35
ICI	70
Ladbroke	22
Legal & Gen	32
Lex Service	17
Lloyds Bank	24
Lucas Inds	11
Marks & Spencer	19
Midland Bk	16
Nat West Bk	21
P & O Dfd	44
Racal Elect	16
RHM	23
Rank Org Ord	52
Reed Intnl	32
STC	19
Sears	7½
SmKl. Beecham A	41
TI	35
TSB	11
Tesco	29
Thorn EMI	55
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property

Brit Land	24
Control Secs	3½
Land Securities	43
MEPC	38
Mountleigh	9

Oils

Arina Petlm	3½
Brit Petroleum	27
Burmah Castrol	46
Conroy Petlm	15
Gaelic Res	1½
Premier	7
Shell	37
Tuskar Res	2
Ultramar	29

Mines

Lonrho	19
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	97 1	102 2	+1 1	-
Pension Managed Fd	93 0	97 9	+1 2	-
Life Deposit Fd	104.5	110.0	.	-
Pension Deposit Fd	108.5	114.2	....	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	100 9	110 3	+0 4	-
Managed Growth	122 4	133 8	+0 4	-
Managed Opportunity	118.3	130 0	+0 4	-
NFMC Target Financial	90 8	98 2	+0 2	-
Pension Funds				
Managed Cautionary	109 2	119 4	+0 3	-
Managed Growth	128 0	140 7	+0 4	-
Managed Opportunity	120 8	132 1	+0.3	-
NFMC Target Mngd Pen.	1375 1	1494 7	+16 6	-

National Mutual Life
The Priory, Priory Pl, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	146 9	154 7		-
UK Equity	152.2	160 3	.	-
Overseas Equity	119.5	125 8		-
Fixed Interest	141.4	148 9	.	-
Property	130 6	137 5		-
Index Linked	143 6	151 2		-
Deposit	150 5	158 5		-
With Profits (B)	126 0	132.7	.	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	323 0	340 1	+3 6	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	144 0	152.0	+1.0	-
Accum Equity	204 0	215 0	+1.5	-
Accum Managed	211.0	223.0	+2.0	-
Accum Five Star	154 5	163 0	+0 5	-
Accum World	112.5	119 0	.	-
Accum Lifetime	104 4	104.4	+0 6	-
Pens Acc Equity	216 5	228 5	+2 5	-
Pens Acc Managed	255 0	269 0	+2 0	-
Pens Acc Intl	185 0	195.5	+2.0	-
Pens Acc Deposit	191 5	202 5		-
Pens Acc Five Star	165 0	174.0	+1.0	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	207 9	219 4	+2.6	-
UK Fixed Int Acc	167 8	177.1	+0.1	-
Intl Equities Acc	157 5	166 2		-
UK Managed Acc	162.2	171 0	+1 0	-
Property Acc	226.3	238 8	-0 1	-
Money Acc	125 7	132 7	.	-
Special Market Acc	126 0	133 0	-0 9	-
Japan Equity Acc	94 8	100 0	+0 9	-
North American Acc	92.9	98 1	+1.6	-
Pacific Acc	80 2	84 6	+0.4	-
Technology Acc	98 3	103.7	+0 1	-
Nat Resources Acc	48 8	51.5	+0.3	-
European Acc	93 4	98.6	+1 2	-
Residential Prop Acc	95 8	101 1		-
Swiss Equities Acc	33 2	35.1	+0.5	-
Hong Kong Acc	51 0	53 9	+0.4	-
UK High Inc Eq Acc	68 2	72.0	+1.1	-
Int Fixed Interest Acc	54 3	57.3	.	-
Int Managed Acc	52.2	55 0	.....	-
HIP Managed Acc	105.0	110 7	+0 5	-
HIP Managed II Acc	91 8	96 8	+0.3	-
Total Investment Bond				
UK Equity Initial		142.1	+1.8	-
UK Fixed Int Initial		114 9	+0.1	-

FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

	Bid Price	Offer Price	+ or -	Yield Gross
[illegible] Capital Mngt (Europe) Ltd				
Japan Index Fund	Y2,849	2,878		-
New Generation Fd $	$22.18	22.40		-
Japan Index Alpha	Y7,744	7,861		-
Jap Sector Rotation	Y6,985	7,088		-
Jap Cap Gwth CB	[illegible]	[illegible]		-
[illegible] International (Guernsey) Ltd				
Intl Bond	$10.66	10.84	+0.11	-
Intl Dollar	$10.37	10.38		-
Intl Equity	$11.47	11.88	+0.43	-
[illegible] Income	$90.70	90.86	+0.64	-
Schroder Investment Mngmt (Guernsey) Ltd				
Latin American	[illegible]	[illegible]		
[illegible] Fund Mngrs Ltd				
[illegible]	$11.67	11.74	+0.071	-
U.S. Treasury Securities Fund Ltd				
Short Term Shares	$750.5			-
Fixed Income Shares	$876.3			-
Yamaichi Capital Mangmt (Guernsey) Ltd				
Japan [illegible] Growth	$11.08		-0.01	-
[illegible] TSB Fund	$8.05		+0.02	-
[illegible] Plus Fund	$8.80		-0.2	-
[illegible] Fund	$10.86		+0.43	-

IRELAND (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
GAM Fund Management Ltd (z)						
[illegible] Street, Dublin 010 353 1760 630						
GAM [illegible] US Dlr Inc		$-	111.56			-
GAM [illegible] US Dlr Inc		$-	111.56			-
GAM [illegible] DM Acc		DM-	105.97			-
GAM [illegible] DM Inc		DM-	105.97			-
MI Global Asset Mngmt Co Ltd "MI Trusts"						
MI Global Dollar		$-	1.00	1.07		-

IRELAND (REGULATED)(**)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F						
PO Box 63, Bond Street, St. Helier, Jersey 0534 76029						
Stlg Fixed Int	5½	£1.120	1.120	1.189	[illegible]	[illegible]
Offshore High Yield	3½	£1.447	1.447	1.506	[illegible]	14.44
Global Equity Fund	5½	$14.43	14.52	15.53	+0.05	1.09
European Equity	5½	[illegible]	16.53	17.68	+0.18	1.13
UK Growth [illegible]	5½	£4.330	4.393	4.698	[illegible]	3.41
Nth American Eqty	5½	$9.809	9.809	10.458	[illegible]	0.66
Far Eastern Eqty	5½	$9.321	9.458	10.116	[illegible]	0.00
International Mngd		£-	-	-	-	-
Intnl. Bond Fund						
Sterling Managed	5½	£10.20	10.20	10.87	+0.03	8.83
US Dollar Managed	5½	$13.57	13.57	14.43	-0.03	5.92
International Currency Fund						
Sterling Managed	5½	£25.03	25.03	26.49	+0.03	-
US Dollar Managed	5½	$29.17	29.17	30.87	+0.01	-
Sterling	0	£24.17	24.17	24.17	+0.01	13.52
US Dollar	0	$37.44	37.44	37.44	+0.01	5.52
Deutschmark	0	[illegible]	58.80	58.80	+0.01	7.68
Japanese Yen	0	Y4,772	4,772	4,772		6.27
Swiss Franc	0	[illegible]	45.90	45.90	+0.01	6.90
Irish Punts	0	I£21.75	21.75	21.75	+0.01	6.70
INVESCO MIM International Limited						
PO Box 271, St Helier, Jersey 0534 73114						
Jersey Gilt (z)	5¼	[illegible]	0.1704	0.1797	[illegible]	9.38
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey 0534 27561						
Lloyds Tst. Gilt	2½	£9.536	9.536	9.785	[illegible]	11.45
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26 St Helier, Jersey 0534 37788						
Intl Circuit Portfolio	6	92.62	92.62	98.24	+0.26	0.00
Gilt	3	93.14	93.14	96.04	-0.04	10.41
For MIM see INVESCO MIM						
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 76077						
Govt Secs Fd	4	56.96	56.96	59.45	-0.20	10.93
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 73494						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	102.87	102.87	105.96	+0.04	13.30
Gilt & Fixed Interest	5	104.58	104.58	107.77	+0.40	11.63
Blue Chip & Gilt Edged	5	47.06	47.06	49.94	+0.14	5.81
International Bond	3	104.65	104.65	109.91	[illegible]	7.52

	Bid Price	Offer Price	+ or -	Yield Gross
Scimitar Worldwide Money Fund Ltd				
Sterling	£21.3811		[illegible]	
US $	$34.3658		[illegible]	
D-Mark	DM69.5091		[illegible]	
Swiss Franc	SFr52.8771		[illegible]	
Japanese Yen	Y6989.2799		[illegible]	
Australian $	A$36.0563		[illegible]	
Canadian $	C$30.0434		[illegible]	
Ecu	Ecu13.8006		[illegible]	
US$ Managed	$37.6491	38.8135	[illegible]	
Sterling Managed	£19.8586	20.4727	[illegible]	
Scimitar Worldwide Selection Fd Ltd				
Equity Class Funds				
American	$12.28	13.06	[illegible]	
Asian Smllr Mkts	$12.58	13.36	[illegible]	
European	$11.87	12.62	[illegible]	
Gold	$3.66	3.90	[illegible]	
Japanese	$28.15	29.91	[illegible]	
Pacific Basin	$17.71	18.80	[illegible]	
S pore [illegible] Malaysian	$8.48	8.98	[illegible]	
Utd Kingdom	£8.56	9.11	[illegible]	
Worldwide	$14.77	15.73	[illegible]	
Worldwide Income	$9.97	10.51	[illegible]	
Worldwide Warrant	$7.33	7.79	[illegible]	
Managed Class Fund				
Worldwide	$8.96	9.51	[illegible]	
Bond Class Funds				
Ecu	Ecu9.47	9.99	[illegible]	
Sterling	£9.39	9.90	[illegible]	
US Dollar	$9.25	9.79	[illegible]	
Worldwide	$9.88	10.42	[illegible]	
Scrimgeour Kemp-Gee Mngmt., Jersey				
SKG Capital Fund	478.4	502.4	[illegible]	
SKG Income Fund	79.6	83.7	[illegible]	
TSB Trust Funds (CI)				
TSB Jsy Equity Fd	34.7	37.9	[illegible]	
TSB G'sey Equity Fd	34.7	37.9	[illegible]	
TSB Island Pension	238.0	250.6	[illegible]	
TSB Gilt Fd (Jsy) Ltd	97.64	100.77	[illegible]	
Target Internat. Management (Jersey) Ltd				
Ivory Growth Fund	£10.70	10.85	[illegible]	
Target Global Unit Tst	£7.83	8.04	[illegible]	
[illegible]	£8.83	9.09	[illegible]	
Target IPSL Unit [illegible]	£9.56	9.72	[illegible]	
[illegible] Global Strtgy	£8.50	8.93	[illegible]	
[illegible]	10.18	10.64	[illegible]	
Tyndall International (Jersey) Ltd				
Gilt Fd	117.1	123.0	[illegible]	
(Accum Shares)	578.2	607.2	[illegible]	

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Uncertainty cloaks the dollar

THE DOLLAR was slightly firmer yesterday, amid uncertainty about its near term direction. Confidence has tended to improve recently, on suggestions that the currency may be at or near the bottom of a long downward trend.

The comment from Mr Nicholas Brady, US Treasury secretary, appearing to favour a further easing of the Federal Reserve's monetary stance had a slightly depressing impact on the dollar, but this was countered by remarks from Mr Charles Dallara, US assistant Treasury secretary, suggesting that expectations of lower world interest rates would offset pressure on the currency from declining US rates.

Any decision by the Fed on rates may be influenced by today's data on US trade. The weakness of the US economy has led to forecasts that the trade deficit in December might be about $1bn lower that the November gap of $9.7bn.

Figures published yesterday showed that US business inventories fell 0.7 per cent in December, after a revised 0.2 per cent increase in November. The market was looking for a December rise of about 0.1 per cent, but there was no impact on the dollar.

At the London close the dollar had improved to DM1.4660 from DM1.4565. This was near a technical resistance level. Dealers noted large stop-loss buying orders for the dollar at around DM1.4670 and said that a move through that level could take the currency up to strong resistance at DM1.4850. On the other hand some traders do not rule out a near term slide to DM1.4000 if there is a further cut in US interest rates.

Against the Japanese yen the dollar rose to Y129.70 from Y129.05, taking it close to resistance at Y130.00. The US currency also improved to SFr1.2565 from SFr1.2495 and to FFr4.9950 from FFr4.9625. On Bank of England figures the dollar's index rose to 59.7 from 59.5.

Sterling maintained Wednesday's upward trend against the D-Mark, despite the cut in UK bank base rates. The pound gained another ½ pfennig to DM2.9050. It also rose to FFr9.8950 from FFr9.8800 and to SFr2.4900 from SFr2.4875, but was unchanged at Y257.00. Sterling lost 1 cent to $1.9810 against the stronger dollar and its index index fell 0.2 to 94.4.

A rise of 46,200 in January UK unemployment was lower than feared and December manufacturing output rose 0.3 per cent, after falling 1.4 per cent in November. But analysts tended to suggest that the data did not point to any sudden economic recovery. Total industrial output fell 0.4 per cent in December and manufacturing output would have fallen about 0.5 per cent but for the build up to the Gulf war.

The impact of the data was not great. Sterling stayed at the bottom of the European Monetary System despite its slight improvement against most members of the EMS exchange rate mechanism.

£ IN NEW YORK

Feb 14	Close	Previous Close
£ Spot	1.9805-1.9815	1.9935-1.9945
1 month	1.07-1.06pm	1.09-1.07pm
3 months	3.11-3.09pm	3.14-3.11pm
12 months	9.35-9.25pm	9.65-9.55pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 14	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.051	−4.18	5.64	73
Belgian Franc	42.4032	42.1339	−0.64	1.88	37
Dutch Guilder	2.31643	2.30604	−0.45	1.69	29
D-Mark	2.05586	2.04686	−0.44	1.68	37
Italian Lira	1538.24	1540.04	0.12	1.11	1
Irish Punt	0.767417	0.769366	0.25	0.98	−5
Danish Krone	7.84195	7.87669	0.44	0.79	−14
French Franc	6.89509	6.97502	1.16	0.07	−56
Sterling	0.696904	0.705495	1.23	0.00	−24

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times

POUND SPOT - FORWARD AGAINST THE POUND

Feb 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9780 - 1.9855	1.9805 - 1.9815	1.07-1.05cpm	6.42	3.11-3.08pm	6.25
Canada	2.2820 - 2.2910	2.2845 - 2.2856	0.46-0.37cpm	2.18	1.55-1.40pm	2.58
Netherlands	3.2645 - 3.2750	3.2650 - 3.2750	1¼-1cpm	3.90	3¼-3pm	3.75
Belgium	59.50 - 59.90	59.60 - 59.70	20-15cpm	3.52	56-47pm	3.45
Denmark	11.1335 - 11.1860	11.1425 - 11.1525	3¼-2⅝orepm	3.16	8¼-7⅜pm	2.89
Ireland	1.0850 - 1.1020	1.0915 - 1.0925	0.30-0.25cpm	3.02	0.76-0.63pm	2.55
Germany	2.8970 - 2.9075	2.9025 - 2.9075	1-⅞pfpm	3.87	2⅞-2¼pm	3.87
Portugal	254.70 - 256.35	254.70 - 255.70	10-12cdis	−0.52	66-110dis	−1.38
Spain	181.05 - 181.95	181.20 - 181.50	1-9cdis	−0.33	27-40dis	−0.74
Italy	2178.80 - 2186.95	2183.50 - 2184.50	3¼-2lirepm	1.44	6-3⅝pm	0.88
Norway	11.3275 - 11.3790	11.3275 - 11.3375	3¼-2¼orepm	3.18	7-5⅝pm	2.23
France	9.8710 - 9.9030	9.8900 - 9.9000	3-2⅞cpm	3.56	8½-8pm	3.31
Sweden	10.8560 - 10.9070	10.8650 - 10.8750	1¼-½orepm	0.97	2¼-⅞pm	0.56
Japan	256.30 - 257.50	256.50 - 257.50	1¼-1ypm	4.96	3¼-3¼pm	5.16
Austria	20.37 - 20.45	20.38 - 20.41	7¼-6½gropm	4.19	21-18⅝pm	3.89
Switzerland	2.4815 - 2.4950	2.4850 - 2.4950	1¼-1cpm	5.12	3¼-3pm	4.92
Ecu	1.4110 - 1.4135	1.4120 - 1.4130	0.44-0.39cpm	3.53	1.17-1.10pm	3.21

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.57-5.52cpm. 12 Month 9.35-9.25pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9780 - 1.9855	1.9805 - 1.9815	1.07-1.05cpm	6.42	3.11-3.08pm	6.25
Ireland†	1.8155 - 1.8200	1.8175 - 1.8185	0.63-0.58cpm	3.99	1.90-1.80pm	4.07
Canada	1.1535 - 1.1560	1.1540 - 1.1550	0.40-0.43cdis	−4.31	1.07-1.12dis	−3.79
Netherlands	1.6460 - 1.6510	1.6500 - 1.6510	0.33-0.36cdis	−2.51	1.05-1.09dis	−2.59
Belgium	30.05 - 30.20	30.05 - 30.15	6.50-8.00cdis	−2.89	20.00-24.00dis	−2.92
Denmark	5.6250 - 5.6390	5.6250 - 5.6300	1.47-1.67oredis	−3.35	4.65-5.25dis	−3.52
Germany	1.4605 - 1.4675	1.4655 - 1.4665	0.28-0.30pfdis	−2.37	0.90-0.93dis	−2.50
Portugal	128.85 - 129.15	128.90 - 129.00	73-83cdis	−7.26	250-270dis	−8.07
Spain	91.30 - 91.85	91.70 - 91.80	56-59cdis	−7.52	166-174dis	−7.41

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

	£	$
N Zealand	3.2610 - 3.2660	1.6455 - 1.6475
Saudi Ar	7.4320 - 7.4500	3.7490 - 3.7510
Singapore	3.3800 - 3.3880	1.7065 - 1.7085
S Af (Cm)	5.0170 - 5.0300	2.5330 - 2.5350
S Af (Fn)	6.2930 - 6.3955	3.1745 - 3.2260
Taiwan	53.70 - 53.80	27.10 - 27.15
U.A.E.	7.2740 - 7.2980	3.6720 - 3.6740

* Selling rate

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Feb 14	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
H Fl.	0.306	0.606	0.888	78.59	3.026	0.761	1	667.9	0.699	18.24
Lira	0.458	0.907	1.330	117.7	4.531	1.140	1.497	1000.	1.046	27.31
C $	0.438	0.867	1.271	112.5	4.330	1.090	1.431	955.8	1	26.11
B Fr.	1.676	3.321	4.870	430.8	16.59	4.174	5.482	3661	3.831	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Close	Change	High	Low	Yield	Open Int
March	90.25	90.36	+0.12	90.36	90.25	9.64	16,531
June	90.48	90.66	+0.19	90.67	90.48	9.34	11,378
September	90.65	90.78	+0.14	90.83	90.65	9.18	4,305
December	90.78	90.83	+0.14	90.85	90.78	9.20	1,375

Estimated volume 15,321 Total Open Interest 33,589

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int
February	1659.0	1669.0	+22.0	1675.0	1656.0	8,128
March	1679.0	1679.5	+20.5	1686.0	1670.0	1,323
April	1682.0	1682.0	+13.0	1682.0	1682.0	0
June	-	-	-	-	-	200

Estimated volume 7,654 Total Open Interest 9,651

POUND - DOLLAR

BASE LENDING RATES

	%		%		%
ABN Bank	13½	Co-operative Bank	13½	Nat Bk. of Kuwait	13½
Adam & Company	14	Coutts & Co	13½	NatWestminster	13½
Allied Trust Bank	14	Cyprus Popular Bk	13½	Northern Bank Ltd	13½
AIB Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14
● Henry Ansbacher	13½	Duncan Lawrie	13½	Provincial Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
B & C Merchant Bank	13½	Exeter Bank Limited	14	Royal Bk of Scotland	14
Bank of Baroda	13½	Financial & Gen. Bank	14	● Smith & Williamson Secs.	13½
Banco Bilbao Vizcaya	13½	First National Bank Plc.	16	Standard Chartered	14
Bank Credit & Comm	13½	● Robert Fleming & Co.	13½	TSB	14
Bank of Cyprus	13½	Robert Fraser & Ptnrs.	14	Unibank plc	13½
Bank of Ireland	14	Girobank	13½	● United Bk of Kuwait	14
Bank of India	13½	● Guinness Mahon	13½	United Mizrahi Bank	14
Bank of Scotland	13½	● Hambros Bank	13½	Unity Trust Bank Plc	13½
Banque Belge Ltd	13½	Hampshire Trust Plc	14½	Western Trust	13½
Barclays Bank	13½	Heritable & Gen Inv Bnk.	14	Westpac Bank Corp.	13½
Beneficial Bank	14	● Hill Samuel	13½	Whiteaway Laidlaw	13½
Brit Bk of Mid East	14	C. Hoare & Co.	13½	Yorkshire Bank	13½
● Brown Shipley	13½	Hongkong & Shangh	14		
CL Bank Nederland	13½	● Leopold Joseph & Sons	13½		
● Charterhouse Bank	13½	Lloyds Bank	14		
Citibank NA	13½	Meghraj Bank Ltd	13½		
City Merchants Bank	13½	McDonnell Douglas Bnk.	13½		
Clydesdale Bank	13½	Midland Bank	13½		
Comm. Bk. of London Plc	13½	Mount Banking	13½		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Optimistic mood

OPTIMISM THAT this week's cut in UK bank base rates will be followed by a similar move around the time of next month's budget statement put downward pressure on wholesale interest rates in London yesterday. Three-month sterling interbank fell to 13 1/16-13 1/16 from 13 3/16-13 3/16 per cent.

On Liffe March short sterling futures are discounting base rates of 13 per cent by delivery on March 20, one day after the budget, and may now lack further room to improve. March delivery opened unchanged at 87.22 and rose to a high of 87.31, before closing at 87.24.

March remains the most active month but activity is beginning to increase in June short sterling futures. The June price rose to 88.60 from 88.53, pointing towards base rates of 11½ per cent by the middle of the year.

Day-to-day credit was in short supply on the cash market. The Bank of England initially forecast a shortage of £1,050m, but revised this to £1,000m at noon. Total assistance of £845m was provided.

An early round of help was offered and at that time the authorities bought £164m bills outright, by way of £26m bank bills in band 1 at 13¾ per cent; £1m Treasury bills in band 2 at 13¼ per cent; and £137m bank bills in band 2 at 13¼ per cent.

Before lunch another £176m bills were purchased, via £23m bank bills in band 1 at 13¾ per cent and £153m bank bills in band 2 at 13¼ per cent. In the afternoon £305m bills were bought, through £212m bank bills in band 1 at 13¾ per cent and £93m bank bills in band 2 at 13¼ per cent. Late assistance of around £200m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £866m, with exchequer transactions absorbing £95m, a rise in the note circulation £60m and bank balances below target £20m.

In Madrid Wednesday's cut in the Bank of Spain's money market intervention rate was followed by a fall to 14.322 from 14.517 per cent in the 12-month Treasury bill rate at yesterday's tender. Bankinter, a medium sized bank, responded to the recent trend in Spanish rates by cutting its prime rate to 12.85 from 13.10 per cent.

In Frankfurt the German Bundesbank left the discount rate at 6.50 per cent and the Lombard emergency financing rate at 9.00 per cent at yesterday's council meeting.

UK clearing bank base lending rate 13.5 per cent from February 13, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb 14) 3 months US dollars		6 months US Dollars	
bid 6½	offer 6⅝	bid 6½	offer 6⅝

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4pm) Treasury Bills and Bonds

Prime rate	9	One month	
Broker loan rate	8½	Two month	
Fed.funds	6¼	Three month	
Fed funds at intervention	6¼	Six month	
		One year	
		Two year	

Feb 14	Overnight	One Month
Frankfurt	8.65-8.75	8.70-8.85
Paris	9⅛-9¼	9⅛-9¼
Zurich	7¾-7⅞	7⅞-8⅛
Amsterdam	9.12-9.25	9.02-9.10
Tokyo	8¼-8⅜	7⅞-8⅛
Milan	12¾-13	13⅝-13⅞
Brussels	-	9½-9⅝
Dublin	10¾-11	11-11⅛

LONDON MONEY RATES

Feb 14	Overnight	7 days notice
Interbank Offer	13⅞	13⅞
Interbank Bid	12½	13⅝
Sterling CDs	-	-
Local Authority Deps.	13¾	13⅞
Local Authority Bonds	-	-
Discount Mkt Deps	13¼	13½
Company Deposits	-	-
Finance House Deposits	-	-
Treasury Bills (Buy)	-	-
Bank Bills (Buy)	-	-
Fine Trade Bills (Buy)	-	-
Dollar CDs	-	-
SDR Linked Dep Offer	-	-
SDR Linked Dep. Bid	-	-
ECU Linked Dep. Offer	-	-
ECU Linked Dep. Bid	-	-

MONEY MARKET FUNDS

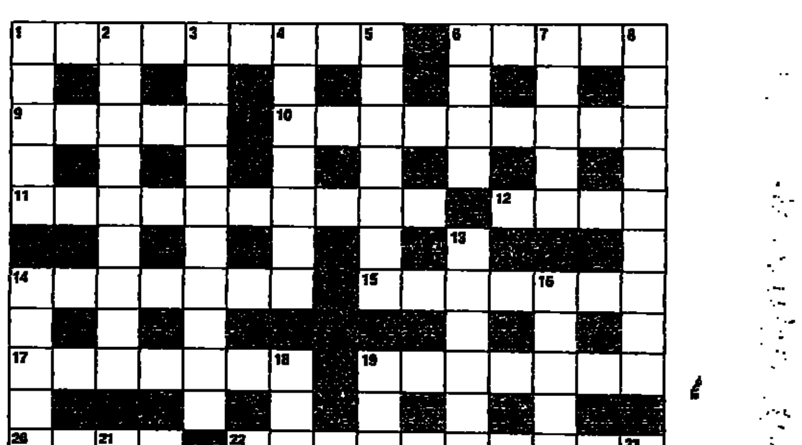
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,469 Set by DOGBERRY



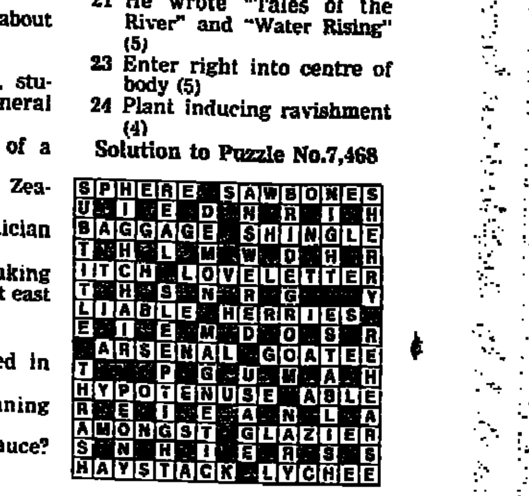
ACROSS

1 Shake crop to animate this carrier (4-5)
5 Belly has instincts to become distended (5)
9 Spirit-gauge has work quoted backwards (5)
10 Immediately compromise half of honour and repute (9)
11 Artists feature in revolutionary liqueur (10)
12 Record Mozart's first without cap (4)
14 Main source of such sustenance? (7)
15 Beat warped and flickering (7)
17 Humble creature to be found from Flanders to America, roughly (7)
19 Messenger's cheerful about copper (7)
20 Element of clue (4)
22 An early theatre-goer, student penetrates general knowledge (10)
25 Share 20 in charge of a country (5,4)
26 Marsh plant in New Zealand? (5)
27 Plenty to drink: politician involved (5)
28 Camouflage expert taking taking tea and fruit out east (9)

DOWN

1 Concert note included in introduction (5)
2 Shriek, finding running water in headdress (9)
3 Couscous with HP sauce? Funny business! (5-5)
4 Felt sick seeing destitute go topless (7)
5 The dead shall be raised (man included) incorruptible (7)
6 Hunting party turned out to be numerous (4)
7 Tree-man keeping quiet (5)
8 Mouth-work – sent it away to dry out (9)
13 Right cheek about to display rash condition (10)
14 Images of Bow: a chimney is mounted (9)
16 Clarify vague clue to 1d, having scoffed (9)
18 Vehicle support lifted, opening cockles of the heart (7)
19 Tailless animal, alias Greek food (7)
21 He wrote "Tales of the River" and "Water Rising" (5)
23 Enter right into centre of body (5)
24 Plant inducing ravishment (4)

Solution to Puzzle No.7,468



WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Feb. 14	Feb. 13	Feb. 12	Feb. 11	1990-91 HIGH	1990-91 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2877.23	2909.16	2874.75	2902.23	2999.75 (16/7/90)	2365.10 (11/10/90)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	94.65	94.60	94.54	94.39	94.65 (14/2/91)	88.44 (24/9/90)	95.51 (9/2/87)	54.99 1/10/81)
Transport	1097.85	1112.83	1111.42	1127.12	1212.77 (6/6/90)	821.93 (17/10/90)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	214.79	217.05	217.18	217.62	236.23 (2/1/90)	190.96 (24/8/90)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2942.08 (2918.32) Low 2852.48 (2848.51)

STANDARD AND POOR'S	Feb. 14	Feb. 13	Feb. 12	Feb. 11	1990-91 HIGH	1990-91 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	364.22	369.01	365.50	368.57	369.01 (13/2/91)	295.46 (11/10/90)	369.01 (13/2/91)	4.40 (1/6/32)
Industrials	429.49	434.97	430.76	434.57	437.37 (16/7/90)	346.86 (11/10/90)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	28.22	28.80	28.50	28.54	31.87 (3/1/90)	18.80 (29/10/90)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	198.92	201.18	199.43	200.85	201.18 (13/2/91)	162.20 (11/10/90)	201.18 (13/2/91)	4.46 (25/4/42)
Amex Mkt. Value	340.80	342.94	340.65	341.10	382.45 (5/1/90)	288.07 (30/10/90)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	444.31	447.97	443.98	444.10	469.60 (16/7/90)	325.44 (16/10/90)	485.73 (9/10/89)	54.87 (31/10/72)

	Feb. 8	Feb. 1	Jan.25	year ago (approx.)
Dow Industrial Div. Yield	3.57	3.70	3.88	4.09
	Feb. 13	**Feb. 6**	**Jan.30**	**year ago (approx.)**
S & P Industrial div. yield	*2.91*	*3.01*	*3.20*	*3.09*
S & P Indl. P/E ratio	17.89	17.39	16.58	14.23

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Alcan Alma.	6,620,000	22¼	...
Boeing	*4,080,400*	*48*	*+ ⅞*
Nabisco RJ	3,292,200	7⅛	- ⅛
Citicorp	2,929,700	16¼	- ⅛
Pepsico	2,899,100	31¾	+ ⅛
Philip Morris	2,862,200	60¾	- ⅝
Gen. Electric	2,808,500	67⅜	- ½
IBM	2,485,200	135⅛	+ ½
Am. Express	1,907,200	26¼	...
Nike	1,796,500	46⅝	- 4¼

TRADING ACTIVITY

† Volume (Millions)	Feb. 14	Feb. 13	Feb. 12
New York	230.750	209.960	258.780
Amex	*18.127*	*16.528*	*18.646*
NASDAQ	(u)	176.578	200.737
Issues Traded	2,032	2,041	2,057
Rises	607	1,042	772
Falls	1,034	558	860
Unchanged	391	441	425
New Highs	152	129	179
New Lows	1	3	5

CANADA

TORONTO	Feb. 14	Feb. 13	Feb. 12	Feb. 11	1990-91 HIGH	1990-91 LOW
Metals & Minerals	3166.28	3203.39	3169.40	3172.17	3453.05 (4/1/90)	2486.60 (8/11/90)
Composite	3492.25	3519.24	3504.78	3501.19	4009.47 (3/1/90)	3009.91(16/10/90)
MONTREAL Portfolio	1864.26	1882.70	1880.34	1880.74	2060.90 (3/1/90)	1607.24(16/10/90)

Base values of all Indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto Indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Feb. 14	Feb. 13	Feb. 12	Feb. 11	1990-91 HIGH	1990-91 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1372.9	1378.1	1384.9	1365.4	1713.7 (12/1/90)	1204.5 (16/1/91)
All Mining (1/1/80)	600.7	604.1	606.3	596.6	860.8 (5/1/90)	561.6 (16/1/91)
AUSTRIA						
Credit Aktien (30/12/84)	459.07	451.40	449.89	438.78	703.29 (19/3/90)	393.54 (16/1/91)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5252.18	5241.41	5258.46	5200.29	6599.43 (12/1/90)	4664.84 (16/1/91)
DENMARK						
Copenhagen SE (3/1/83)	329.27	327.83	330.18	329.97	388.29 (20/7/90)	302.26 (8/1/91)
FINLAND						
Unitas General (1975)	372.9	370.8	366.9	360.8	677.3 (23/1/90)	348.4 (9/1/91)
FRANCE						
CAC General (31/12/82)	437.99	432.67	437.59	432.58	564.62 (30/5/90)	394.88 (15/1/91)
CAC 40 (31/12/87)	1652.68	1635.84	1626.24	1637.29	2129.32 (20/4/90)	1441.17 (14/1/91)
GERMANY						
FAZ Aktien (31/12/58)	637.51	632.21	627.56	635.76	832.32 (19/7/90)	569.69 (28/9/90)
Commerzbank (1/12/53)	1812.9	1796.2	1781.6	1807.8	2414.0 (3/4/90)	1612.5 (15/1/91)
DAX (30/12/87)	1486.52	1489.41	1468.94	1488.74	1968.55 (30/3/90)	1322.68 (16/1/91)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	3412.66	3395.00	3394.08	3559.89 (23/7/90)	2738.24 (1/2/90)
IRELAND						
ISEQ Overall (4/1/88)	1268.07	1260.39	1237.93	1249.68	1893.10 (22/1/90)	1114.86 (25/1/91)
ITALY						
Banca Com. Ital. (1972)	547.43	537.23	530.66	527.80	763.52 (14/6/90)	486.26 (29/1/91)
JAPAN						
Nikkei (16/5/49)	25356.37	25139.47	24935.01	(c)	38712.88 (4/1/90)	20221.86 (1/10/90)
Tokyo SE (Topix) (4/1/68)	1898.47	1879.48	1865.66	(c)	2867.70 (4/1/90)	1523.43 (1/10/90)
2nd Section (4/1/68)	2837.41	2801.43	2765.12	(c)	4477.16 (16/7/90)	2499.15 (29/1/91)
MALAYSIA						
KLSE Composite (4/4/86)	(c)	527.60	526.01	518.32	632.22 (1/8/90)	459.08 (28/9/90)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	240.6	239.0	238.5	238.0	271.9 (20/7/90)	221.4 (16/1/91)
CBS All Shr (End 1983)	175.9	174.8	174.5	174.0	206.3 (3/1/90)	162.3 (16/1/91)
NORWAY						
Oslo SE (Ind) (2/1/83)	680.58	673.71	669.23	669.84	915.13 (2/8/90)	610.45 (21/1/91)
PHILIPPINES						
Manila Comp (2/1/85)	862.48	866.01	887.41	876.68	1160.70 (21/3/90)	514.80 (5/10/90)
SINGAPORE						
SES All-Singapore (2/4/75)	365.24	359.57	357.18	352.84	446.87 (16/7/90)	301.45 (11/10/90)
SOUTH AFRICA						
JSE Gold (28/9/78)	1044.0&	1036.0	1026.0	1062.0	2230.0 (16/1/90)	976.0 (6/2/91)
JSE Industrial (28/9/78)	3144.0&	3114.0	3101.0	3095.0	3211.0 (6/2/90)	2640.0 (1/10/90)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	644.91	648.11	629.57	928.82 (4/1/90)	566.27 (17/9/90)
SPAIN						
Madrid SE (30/12/85)	247.16	245.64	244.73	245.89	309.74 (16/7/90)	209.37 (28/9/90)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	964.7	965.5	971.0	972.5	1329.9 (5/7/90)	808.4 (8/1/91)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	668.7	666.4	656.6	656.8	845.5 (13/7/90)	590.4 (14/1/91)
SBC General (1/4/87)	567.9	566.8	560.1	560.7	698.2 (13/7/90)	487.1 (14/1/91)
TAIWAN**						
Weighted Price (30/6/66)	(c)	(c)	(c)	4729.65	12495.34 (10/2/90)	2560.47 (1/10/90)
THAILAND						
Bangkok SET (30/4/75)	766.24	753.66	760.93	745.22	1143.78 (25/7/90)	544.30 (30/11/90)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	518.5*	516.6	514.5	512.7	571.0 (4/1/90)	423.1 (28/9/90)

**Saturday February 9: Taiwan Weighted Price: 4540.92. Korea Comp Ex. 631.27.
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all Indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday 14 February 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mit'bsi Mat	43.9	771	+18	Toshiba	17.6	815	+33
Chiyoda Corp	20.5	2,580	-20	Hitachi	17.0	1,230	+20
Mit'bsi Elect	19.1	739	+24	Nippon Oil	15.7	1,030	+58
Nippon Stl	18.9	494	+4	NKK	14.8	435	-2
Sumitomo H'vy	*18.8*	*730*	*+100*	Nippon Mining	14.6	549	+19

4:00 pm prices February 14

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13½	9¼	AAR Corp			7	933	12⅞	12	12	-¼
25¼	21⅛	A L Labs A			18	76	23⅛	23	23	-⅛
[illegible]	40⅞	AMP Inc	1.44	0.03	17	2005	50¼	47½	48	-2¼
60⅛	44¼	AMR				895124	58⅝	56¾	57¼	-1⅜
2⅛	1¼	ARX			6	504	2¼	2	2⅛	+¼
49⅞	41½	ASA	3.00	0.07	13	690	45⅝	44¾	44⅞	-⅛
47⅞	39¼	Abbott Lab				206636	46⅞	45⅞	46	-¼
13	9⅞	Abitibi Pr			31	40	12⅞	12¾	12¾	-¼
11⅛	10⅛	ACM Gvt In				664	11	10⅞	11	
9⅛	8¾	ACM GvOpp				61	9⅛	9	9	
8⅞	8¼	ACM Gvt Sp				484	u9	8¾	9	+⅛
10¾	9⅞	ACM Gvt Se				660	u10¾	10⅝	10⅝	
8	7⅝	ACM Man				577	u8⅛	7⅞	8⅛	+⅛
12½	11⅞	ACM Managd				163	12⅜	12¼	12⅜	
5⅝	4¼	Acme Cleve	0.40	0.06	19	334	u7⅛	6⅝	6¾	+⅛
5	4¼	Acme Elect			16	72	5	4⅞	4⅞	
35	22¾	Acuson				261692	u35½	34⅝	34⅝	-¼
16⅝	14¼	Adams Exp x	0.48	0.03	0	134	16½	16¼	16¼	+½
20	18⅞	Adobe12Pf				42	19⅞	19¾	19⅞	+⅛
9¼	7½	Adobe Res				121274	8½	7¾	8⅜	+⅛
26½	18	Ad Micro				113	26	25⅛	25½	-⅛
8¼	4⅝	Ad Micro P				154882	8⅛	7⅞	7⅞	-¼

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17	11⅞	Quanex			7	447	15¼	14⅞	15¼	
19⅜	11⅛	Quantum Ch				232745	18¼	18¼	18⅜	-¼
74	10½	QuestVal D				347	u14⅛	13¾	13¾	-¼
13⅞	12⅝	QuestVal P x				127	13¼	13⅛	13⅛	-¼
37¾	33¼	Questar	1.86	0.05	14	196	u37½	35⅞	36⅞	-⅛
16⅝	10	Quick R'ty	0.26	0.02	13	639	u17½	16⅛	16⅜	-¼

- R - R -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
11½	10⅝	RAC Incm x	0.42	0.04		100	u11½	11¼	11¼	-¼
6⅝	4⅞	RAC Mortg	0.60	0.09	6	314	u6⅝	6⅜	6⅜	-⅛
7⅝	4½	RJRNab Wts				6868	7⅝	7¼	7⅜	-⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices February 14

NASDAQ NATIONAL MARKET

4:00 pm prices February 14

AMERICA

Dow falls sharply on late programmed sales

Wall Street

A WAVE of late-afternoon computerised programme selling sent share prices rapidly into reverse yesterday, leaving the main indices sharply lower at the end of a busy day, *writes Patrick Harverson in New York.*

The Dow Jones Industrial Average closed down 31.93 at 2,877.23, a 44-point turnround from the session's peak seen just after midday. The broader-based Standard & Poor's 500, which started to retreat earlier than the Dow, finished 4.81 off at 364.21. Over-the-counter stocks were also weaker, the Nasdaq composite index relinquishing 3.66 to 444.31.

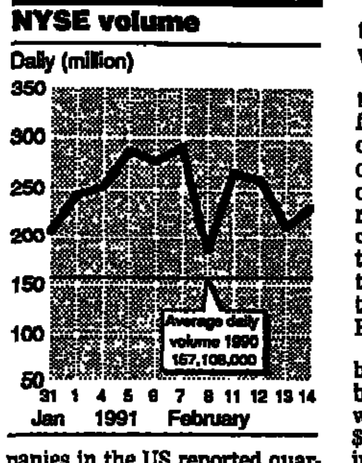
New York SE turnover amounted to a heavy 232.6m shares, while declining issues outpaced advances by a ratio of five-to-three.

The market had started the session positively on hopes that today's spate of economic statistics – ranging from industrial production to the latest balance of trade – would spur the Federal Reserve into cutting interest rates again.

Later in the day, however, disappointment that shares did not follow through on Wednesday night's late rush of buying led to a renewed round of profit-taking. Explained Mr Newton Zinder, technical analyst at Shearson Lehman: "The market is a bit exhausted after four weeks of rising prices."

IBM, the market's bellwether stock which has contributed greatly to the Dow's recent strong gains, had another good session, although late selling eroded most of the day's gain to leave the stock up only $⅜ at $135⅛ after brisk trading. IBM has been bought heavily in the market's recent rally, rising 24 per cent since January 16, the day before the Gulf war started.

The two largest motor com-



panies in the US reported quarterly earnings. Ford slipped $¼ to $30⅛ after unveiling a fourth quarter loss of $519m, while General Motors gained $¼ to $36⅛ in spite of the bigger than expected deficit of $1.6bn – the largest in its history – reported for the last three months of 1990.

Chrysler, which reported better than expected profits a week ago, rose $⅛ to $11¾.

Boeing recovered some of the loss incurred during the first three days of the week, climbing $¾ to $48 on turnover of 3.5m. The shares had fallen on concern about a number of reported postponements of aircraft orders by leading international carriers. However, yesterday's buying indicated that there was still good support for Boeing stock at those levels.

News Corporation, the troubled media conglomerate, also bounced back from recent weakness, improving $⅝ to $12¼ following a 69.3 per cent increase in first half earnings.

Yet again, biotechnology stocks were in demand on the over-the-counter market. The best performer was Xoma, which rose $2 to $27⅛, a year's high. Amgen added $2 at $83, aided by positive analysts' comments at the company's meeting in California.

Nike dropped $4¾ to $46½ on turnover of 1.4m shares after several broking houses cut their 1991 earnings estimate for the sports shoe manufacturer. Addington Resources, the coal mining group, advanced $1⅛ to $13 on double the average volume on hopes that a favourable ruling from the Kentucky state court would allow Addington's landfill project in Kentucky to start operating.

Canada

TORONTO stocks closed on a mixed note overall, but blue chips ended lower for the first time in 12 sessions after profit-taking in the wake of the New York late retreat.

The composite index, which had climbed more than 297 points or 9.2 per cent in the last 11 sessions, lost 27.0 to 3,492.2. Advances led declines by 318 to 272 after volume of 38.4m share.

ASIA PACIFIC

Nikkei climbs for eighth day on foreign-led buying

Tokyo

SHARE prices firmed in heavy trading yesterday, as the sharp rise on Wall Street on Wednesday triggered hopes that the US recession would be short. Some investors took profits, but strong buying on continued expectations of an easier monetary policy pushed the Nikkei average forward, *writes Emiko Terazono in Tokyo.*

The Nikkei closed 216.90 higher at 25,356.37, rising for the eighth consecutive day. The index opened at the day's low of 25,184.99 and reached a peak of 25,406.28 shortly before the close. Volume was high at 1.1bn shares, after the previous day's 950m. Ms Julie Hudson at Barclays de Zoete Wedd commented: "It is a healthy two-way market with the liquidity coming into the market just like the old days."

Advances totalled 785 compared with declines of 250, while 107 issues were unchanged. The Topix index of all first section stocks gained 18.99 to 1,898.47, and in London the ISE/Nikkei 50 index was 19.19 stronger at 1,470.32.

Foreigners underweight in Japanese equities led the market. Mr Paul Muller at Schroder Securities said US and UK investors were actively placing buy orders. He warned, however, that the Nikkei could lose steam between 26,000 and 27,000.

Large-capital issues succumbed to profit-taking. Mitsubishi Heavy Industries retreated Y11 to Y797, but Nippon Steel gained Y4 to Y494 on active buying.

Automobile shares were stronger on hopes of a short recession in the US. Toyota Motor advanced Y30 to Y1,750 in spite of an announcement that it will reduce exports to the US by 15 per cent in late-February and March. Honda Motor added Y50 at Y1,410.

International high-technology issues firmed on similar expectations. Traders said the sector was now oversold. Kyocera rose Y170 to Y6,150, NEC Y60 to Y1,510 and Toshiba Y33 to Y815.

Some financials were easier on foreign profit-taking. Nomura Securities shed Y10 to Y2,140 and Tokio Marine & Fire surrendered Y30 to Y1,380.

Oil manufacturers gained ground on reports of upward earnings revisions. Nippon Oil, expecting an 89 per cent year-on-year increase in pre-tax profits, forged ahead Y58 to Y1,090. Mitsubishi Oil climbed Y30 to Y981.

Chiyoda Engineering, the plant engineering company, receded Y20 to Y2,580 on profit-taking. The issue had previously advanced on hopes of a rise in oil plant orders after the Gulf war. Ebara, the industrial pump maker which had strengthened on hopes that the company would be involved in cleaning up the Gulf oil slick, declined Y40 to Y1,650.

Nippon Kakoh Seishi put on Y20 to Y1,350. The stock has been fluctuating recently in heavy trading by speculators looking for quick profits.

In Osaka, the OSE average gained 504.11 to 27,693.29 on volume of 122.5m shares. Investors focused on environmental protection companies. Sumitomo Forestry moved up Y50 to Y1,680 as investors were encouraged by its tree-planting business. Kurita Water, the water treatment equipment maker, surged Y260 to Y2,650.

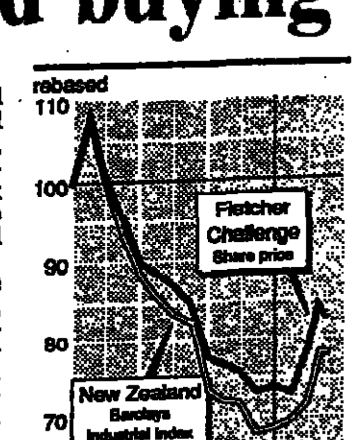
Roundup

THE ANTIPODEAN markets fell on disappointing corporate and economic news yesterday. Hong Kong, Kuala Lumpur, Taiwan, Seoul and Jakarta were closed for the Chinese new year holidays.

NEW ZEALAND was dragged lower by the six-month results from the market leader, Fletcher Challenge, which were below expectations. The easier tone prompted further profit-taking after the market's recent 12 per cent rise. The Barclays index closed 35.19 or 2.6 per cent lower at 1,372.75. Turnover rose to NZ$16.6m from NZ$12.6m.

Fletcher Challenge, which accounts for 25 per cent of the index weighting, tumbled 18 cents to NZ$3.50 on turnover of 1.4m shares after reporting a 9.4 per cent increase in net profits to NZ$376.3m in its fiscal first half to end-December.

AUSTRALIA declined again as the second crop of economic data in as many days dulled hopes of a rapid recovery in



the economy and pointed to a delay in a further easing of domestic interest rates. Unemployment rose to 8.4 per cent in January from December's 8.1 per cent. The All Ordinaries index lost 5.3 to 1,372.9. Turnover fell to A$186m (A$261m).

News Corp, which gained 20 cents to A$7.26, announced after hours that its operating profit after tax was up 69.3 per cent to A$257.3m for the first half ended December 31.

SINGAPORE finished the last half-day session before the lunar new year on a buoyant note. *The Straits Times Industrial* index closed 15.45 higher at 1,338.70. Volume eased to S$151m from S$157m.

The hotels sector, which has lagged behind the market, did some catching up yesterday. Shangri-La appreciated 45 cents to S$5.90.

MANILA was hit by the liquidation of margin accounts. The oil sector weakened on stop-loss selling, but mining issues, which have missed out on the market's recent strength, advanced. The composite index dipped 3.53 to 862.48 in turnover of 256.9m pesos, against 129.6m.

BOMBAY recovered on short-covering before the close of the account today. Trading was expected to remain dull until the government presents its budget to parliament on February 28. The BSE index gained 19.29 to 1,024.23.

BANGKOK made headway in active trading focused on speculative finance issues after the advances in New York and Tokyo. The SET index added 12.58 at 766.24 in volume of 4.4bn baht.

EUROPE

Paris and Milan head rally in active session

THE OVERNIGHT rise on Wall Street and the strength in Tokyo supported gains in most bourses yesterday, led by Paris and Milan. Frankfurt's early rise, however, evaporated in technical trading, *writes Our Markets Staff.*

PARIS enjoyed a blue-chip rally, with the CAC 40 index closing above the 1,650 resistance level for the first time since December 13. The index rose 16.84 or 1 per cent to 1,652.68, as turnover picked up to about FFr2.32bn by the official close, compared with Wednesday's FFr1.9bn.

Among the day's winners, Elf Aquitaine added FFr9.50 or 3.2 per cent to FFr303.50 in active trading of 300,100 shares. One marketmaker said that the stock was still good value compared with other oil majors. The construction sector was also strong, with Lafarge Coppée rising FFr14 to FFr372 on 270,900 shares, although Bouygues fell FFr16 or 2.9 per cent to FFr530 on profit-taking.

Corporate news boosted some stocks. Alcatel Alsthom advanced FFr14 to FFr552 on 379,200 shares, after saying that it expected a rise in 1990 earnings per share of at least 17 per cent. LVMH, the luxury goods group, gained FFr43 to FFr3,500 on volume of 19,740 shares after the company said that 1990 net profits had risen about 15 per cent.

Club Méditerranée recouped FFr11.50 or 2.8 per cent to FFr424.5 after the previous day's rights issue and acquisition news.

Cerus fell FFr2.30 or 1.9 per cent to FFr119 with 240,700 shares exchanged, after the previous day's news that Suez had acquired the holding company's stake in Société Générale de Belgique. Suez added FFr3 to FFr287.50.

MILAN closed the February account on a firm note, which analysts believed boded well for the new account. The Comit index made its ninth consecutive gain, closing 10.2 or 1.9 per cent higher at 547.43. Volume was estimated to be near Thursday's heavy L250bn.

Generali continued to advance, rising L540 to L33,800, although there were no official explanations for the recent jump. Mediobanca, the insurer's largest single shareholder, added L700 to L15,300.

Fiat rose nearly L200 or 4 per cent to L5,250 in what was described as technical trading. In January, Fiat's share of the European new car market fell from 14.5 to 13.5 per cent.

Enimont was fixed L38 better at L1,551, but surged to L1,720 after hours before being suspended owing to a trading imbalance in connection with the close on Wednesday of Eni's offer for all outstanding shares in the chemical company.

Cir, the holding company of Mr Carlo De Benedetti, gained L81 or 3.4 per cent to L2,480 after the news that it had sold its holding in Société Générale de Belgique. Also in the De Benedetti group, Olivetti rose L69 to L3,569. Mr De Benedetti told Le Figaro, the French newspaper, that the computer company's 1990 profits would be about $100m. He also said that he was in discussions with a US company about a possible link-up.

FRANKFURT failed to hold on to early gains and ended lower in trading dominated by technical factors, with share prices swayed by movements on the DTB futures market.

By midsession, the DAX index had reached 1,505.51, the day's peak and its highest level since December 17. But it closed 2.89 lower at 1,486.72, as easier futures prices prompted selling of the underlying stock. The FAZ index, calculated at midsession, rose 5.3 to 637.51. Volume grew to DM5.8bn from DM5.2bn.

Most blue chips came off their peaks. Deutsche Bank reached a high of DM655 before closing just DM1 up at DM648. Lufthansa, the national airline, continued to rise on foreign demand, putting on another DM3.50 to DM116.50.

MADRID welcomed a decline in one-year Treasury bill interest rates, following the cut in the central bank's repo rate on Wednesday. The general index rose 1.52 to 247.16.

AMSTERDAM closed at the day's high in turnover boosted by options-related activity. The CBS general tendency index rose 1.3 to 85.1.

ZURICH finished little changed as profit-taking followed a round of buying, prompted by further falls in short-term interest rates. The Crédit Suisse index rose 1.9 to 510.3 in good volume.

STOCKHOLM recovered from early losses to close mixed. Atlas Copco continued to fall before its 1990 results, which are due today. The free B shares shed SKr7 to SKr188.

BRUSSELS saw heavy trading of 67,450 shares in Société Générale de Belgique, after Wednesday's news that Suez of France had increased its grip on the conglomerate. The shares were flat at BFr2,050.

OSLO closed mostly higher in spite of a drop in shipping shares. The all-share index rose 2.83 to 469.80 in active trading worth NKr410.5m. Norsk Hydro, which reported a rise in 1990 net income, added NKr3 to NKr185.

ATHENS had a strong day, the general index gaining 47.34 or 4.6 per cent to 1,070.64. ISTANBUL recouped Wednesday's losses thanks to pleasing 1990 company results. The index closed at 4,928.15, up 117.5 or 2.4 per cent as turnover grew to TL176bn from TL145bn.

VIENNA gained 1.6 per cent in brisk trading. The bourse index added 8.12 to 514.96.

SOUTH AFRICA

JOHANNESBURG closed mostly firmer yesterday on a weaker financial rand and steady bullion prices. The all-gold index rose 8 to 1,044 and the industrial index climbed 30 to 3,144. The all-share index added 25 to 2,713.

Gulf war unleashes spell of heavy trading

Volumes last month mostly reverted to pre-December levels, writes Jacqueline Moore

THE FIRST month of the year saw volumes in most European stock markets revert to their pre-December levels. The outbreak of war in the Gulf on January 17 produced a brief spell of heavy trading, but most bourses calmed down again towards the end of the month.

The biggest month-on-month rise in turnover was in the Netherlands, which saw activity pick up by 54 per cent. Mr James Cornish of County NatWest, which provides the figures, points out that last month's gain came after a weak December, when turnover had fallen 31 per cent in the run-up to Christmas.

Nevertheless, Amsterdam was more active in January than in October and November last year, as foreigners returned. Heavy trading in insurance shares, as Aegon tried to have the terms of the merger between Nationale-Nederlanden and NMB Postbank changed, also boosted volume.

The Swiss market was also more lively, although January's 45 per cent gain is provisional. Hopes of lower interest rates surfaced during the second half of the month, increasing the demand for Switzerland's financial shares.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Oct 1990	Nov 1990	Dec 1990	Jan 1991	US $bn
Belgium	26.00	24.00	18.58	21.59	0.71
France	82.00	74.60	92.30	101.76	20.24
Germany	95.60	90.20	78.00	81.40	55.07
Italy	12,248.00	8,196.00	10,007.60	8,672.40	7.80
Netherlands	10.90	10.43	7.15	11.02	6.62
Spain	442.00	468.00	614.49	498.46	5.37
Switzerland	12.40	9.10	8.30	*12.00	9.55
UK	28.70	25.00	†23.80	24.50	48.19

*Volumes represent purchases and sales * Provisional figure † Revised figure. Italian data adjusted to include off-market trading. Some figures may be revised.*
Source: County NatWest WoodMac

The worst performance in volume terms in January was in Spain, which fell 19 per cent. As in the Netherlands and Switzerland, this was mostly a correction from an abnormal figure for the previous month – while the other markets had been quiet in December, Spanish turnover had grown by 31 per cent. This month's reversal confirmed suspicions that December's increase in activity in Spain had been caused by year-end window dressing.

Also down sharply last month was Italy, where turnover dropped by 13 per cent. The monthly total of L8,672bn was similar to last November's level, which was also unusually light, and compares with an average of L16,300bn a month in 1990 as a whole.

As in November, the crucial factor for Italy last month was taxes. In November, a capital gains tax on profits from share dealings came into force and scared away domestic investors; in January, changes to that tax came into effect, which kept private individuals firmly on the sidelines.

Italy was also despondent about its corporate sector. Fiat's worse than expected 1990 results prompted busy selling of the carmaker's shares towards the end of the month, and then subdued trading overall. International investment in Italy was described as minimal in January.

The start of the allied bombing raids on Iraq on January 17 produced a leap in share prices and in volumes throughout Europe that day. Investors showed relief that the uncertainty about when the hostilities would begin was over.

German turnover swelled on January 16 from DM3.1bn to DM8.7bn – its highest daily level since August – as the DAX index jumped 7.6 per cent, while French volume grew to FFr5.2bn from the previous day's FFr1.2bn, as the CAC 40 index gained 7 per cent.

After the initial excitement, European volumes subsided again towards the end of January, says Mr Cornish, although they seem to have revived this month, mainly on interest rate moves and expectations.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY FEBRUARY 14 1991								WEDNESDAY FEBRUARY 13 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990/91 High	1990/91 Low	Year ago (approx)
Australia (75)	129.92	−0.6	97.24	106.52	99.03	109.79	−0.6	6.61	130.73	97.35	106.64	99.00	110.43	158.31	112.74	143.34
Austria (19)	204.75	+1.2	153.24	167.87	156.06	155.69	+1.8	1.75	202.36	150.69	165.08	153.24	152.93	285.63	167.00	251.26
Belgium (60)	146.72	−0.4	109.81	120.28	111.82	108.91	+0.1	5.41	147.24	109.64	120.10	111.49	108.75	160.02	121.73	139.17
Canada (116)	138.36	−1.0	103.55	113.43	105.44	115.66	−0.9	3.47	139.71	104.04	113.96	105.79	116.70	153.61	121.24	139.81
Denmark (32)	258.88	+0.4	193.75	212.25	197.31	198.14	+0.9	1.52	257.91	192.05	210.39	195.30	196.35	277.62	217.74	252.39
Finland (21)	108.62	+0.8	81.29	89.06	82.79	81.18	+1.1	3.51	107.80	80.27	87.94	81.63	80.26	152.29	90.61	149.00
France (113)	145.10	+0.5	108.59	118.95	110.58	113.69	+1.2	3.64	144.34	107.48	117.73	109.29	112.36	168.85	121.85	146.69
Germany (68)	120.87	+0.3	90.46	99.11	92.12	92.12	+0.9	2.47	120.54	89.76	98.34	91.27	91.27	144.63	101.38	129.26
Hong Kong (48)	139.21	+0.0	104.19	114.13	106.11	139.23	+0.0	4.82	139.19	103.65	113.54	105.40	139.23	147.49	112.24	119.51
Ireland (16)	162.24	+0.1	121.42	133.01	123.65	125.74	+0.7	3.64	162.12	120.72	132.25	122.76	124.86	198.57	132.88	192.11
Italy (91)	85.16	+1.5	63.74	69.82	64.91	70.12	+2.1	3.60	83.88	62.46	68.42	63.51	68.66	109.26	72.05	95.23
Japan (453)	143.68	+0.4	107.53	117.79	109.52	117.79	+0.9	0.73	143.06	106.53	116.70	108.34	116.70	197.26	106.58	185.03
Malaysia (34)	221.77	+0.1	165.98	181.81	169.02	229.29	+0.0	3.28	221.61	165.02	180.77	167.80	229.29	250.89	182.96	242.81
Mexico (12)	599.50	−0.1	448.67	491.50	456.92	1945.08	−0.2	0.35	599.85	446.68	489.32	454.22	1948.51	613.96	324.53	374.04
Netherland (41)	143.56	+0.2	107.44	117.70	109.42	108.14	+0.8	4.97	143.30	106.71	116.89	108.51	107.33	149.03	125.70	137.27
New Zealand (15)	50.25	−3.1	37.60	41.20	38.30	43.93	−3.3	7.73	51.88	38.63	42.32	39.28	45.41	75.38	41.18	67.23
Norway (30)	217.24	+1.5	162.59	178.11	165.58	168.66	+1.9	1.58	214.05	159.39	174.62	162.09	165.53	276.79	182.24	237.72
Singapore (25)	184.38	+1.3	137.99	151.16	140.52	145.08	+1.5	2.86	181.98	135.51	148.45	137.80	142.94	209.24	147.24	196.69
South Africa (60)	193.15	−0.5	144.56	158.35	147.21	135.10	+1.1	4.02	194.13	144.56	158.35	146.99	133.66	251.39	151.50	201.31
Spain (41)	163.66	+0.2	122.49	134.18	124.74	113.76	+0.9	4.99	163.25	121.57	133.18	123.62	112.73	182.25	128.54	155.03
Sweden (27)	179.28	−0.6	134.17	146.98	136.64	145.64	−0.3	2.82	180.42	134.35	147.18	136.62	146.03	234.93	146.60	185.06
Switzerland (65)	99.40	−0.5	74.39	81.50	75.77	77.43	+0.1	2.67	99.90	74.39	81.50	75.66	77.39	109.77	82.17	96.65
United Kingdom (296)	182.19	+0.8	136.35	149.36	138.85	136.35	+1.3	5.15	180.74	134.59	147.43	136.85	134.59	182.19	139.87	159.48
USA (526)	147.51	−1.3	110.40	120.94	112.43	147.51	−1.3	3.34	149.38	111.24	121.87	113.12	149.38	149.38	119.06	135.52
Europe (940)	147.72	+0.5	110.55	121.11	112.59	111.93	+1.1	4.17	146.93	109.41	119.86	111.27	110.71	157.65	124.91	141.87
Nordic (110)	185.84	+0.1	139.09	152.36	141.64	140.69	+0.6	2.12	185.61	138.22	151.41	140.55	139.90	223.29	155.55	192.04
Pacific Basin (650)	142.64	+0.4	106.75	116.95	108.72	117.85	+0.8	1.07	142.10	105.82	115.92	107.61	116.86	192.75	107.82	181.02
Euro – Pacific (1590)	145.08	+0.4	108.58	118.93	110.57	116.17	+1.0	2.37	144.44	107.56	117.82	109.37	115.07	174.18	116.03	165.56
North America (642)	146.85	−1.2	109.91	120.41	111.95	145.38	−1.2	3.35	148.70	110.73	121.31	112.62	147.20	148.70	119.26	135.68
Europe Ex. UK (644)	126.69	+0.3	94.82	103.89	96.58	97.65	+0.9	3.44	126.27	94.02	103.02	95.63	96.73	145.62	108.85	129.89
Pacific Ex. Japan (197)	129.68	−0.3	97.05	106.33	98.85	114.42	−0.3	5.56	130.09	96.87	106.13	98.51	114.76	146.72	111.40	132.80
World Ex. US (1778)	145.59	+0.4	108.96	119.37	110.97	116.81	+0.9	2.42	145.03	108.00	118.32	109.83	115.77	173.77	117.12	165.14
World Ex. UK (2008)	141.49	−0.3	105.89	116.00	107.85	125.37	+0.0	2.43	141.93	105.69	115.79	107.49	125.37	162.00	115.37	152.98
World Ex. So. Af. (2244)	144.81	−0.2	108.37	118.73	110.38	126.38	+0.1	2.73	145.08	108.03	118.36	109.67	126.21	161.84	118.04	152.25
World Ex. Japan (1851)	147.27	−0.5	110.22	120.75	112.26	130.93	−0.3	3.76	148.02	110.22	120.75	112.10	131.27	151.59	124.31	138.83
The World Index (2304)	145.10	−0.2	108.59	118.96	110.60	126.44	+0.1	2.74	145.38	108.25	118.59	110.09	126.26	162.05	118.33	153.54

Markets closed February 14: Hong Kong and Malaysia.

FT LAW REPORTS

Case documents are not privileged

ITALIA EXPRESS
Court of Appeal (Lord Justice Parker, Lord Justice Bingham and Sir Michael Kerr): February 8 1991

Documents obtained by a solicitor for the purpose of his client's litigation, but not brought into existence for that purpose, are not protected by legal professional privilege and may be subject to an order for discovery.

The Court of Appeal so held when allowing an appeal by the plaintiff, Mr Apostolos Konstantinos Ventouris, from Mr Justice Saville's decision refusing his application for further and better discovery of documents in his claim against the defendant representative underwriter, Mr Trevor Rex Mountain.

LORD JUSTICE BINGHAM said that in March 1988 Italia Express was lying alongside Drapetsona New Mole at Piraeus, Greece, when she was subject to a series of violent explosions which made her a total loss.

Mr Ventouris was owner of the vessel. He claimed on her war risk underwriters. They rejected the claim. He issued proceedings against Mr Mountain as the underwriters' representative, for his share of the insured value of the ship.

Mr Mountain in his defence admitted the explosions and the loss, but averred that they were caused or connived at by Mr Ventouris himself. That pleading relied heavily on information said to have been given to Mr Mountain by a cousin of Mr Ventouris, referred to as GDV.

It was alleged that GDV was initially party to the plan to destroy the vessel, but was later excluded from it.

The allegations were strongly denied by Mr Ventouris. The court was not concerned, at the present stage, with their truth or falsity.

After service of the defence Mr Ventouris sought further and better discovery of various classes of documents. Mr Mountain contended that they were protected from production by legal professional privilege. In particular, he stood on asserted privilege in respect of "all documents received by, or on behalf of, the underwriters from GDV".

The ground on which privilege was claimed was that, whatever the original purpose for which the documents were brought into existence, they were all obtained by Mr Mountain's solicitors from GDV for the purpose of assisting in the expected litigation.

Mr Justice Saville upheld the claim to privilege.

On the present appeal the question was whether legal professional privilege could be claimed for documents which were not previously in a party's possession, which had not come into existence for purposes of litigation, but which had been obtained by his solicitors for that purpose.

The doctrine of legal professional privilege was rooted in the public interest.

It was necessary that actual and potential litigants should be free to unburden themselves without reserve to their legal advisers, and that their legal advisers should be free to give honest and candid advice on a sound factual basis without fear that communications might be relied on by an opposing party in court.

Confidential communications between a party to litigation or his legal adviser and third parties for the purpose of the litigation were protected from production to the other party. So were documents prepared for the dominant purpose of submission to a legal adviser in connection with actual or anticipated litigation (see *Waugh v British Railways Board [1980] AC 521*).

The issue was how much further the privilege extended.

Mr Ventouris argued that it did not extend to cover any original document even if obtained for litigation purposes, if it did not come into existence for those purposes.

Mr Mountain argued that the privilege covered any original document obtained for litigation purposes, whether or not it existed before litigation was contemplated or commenced.

Approaching the issue as one of principle without regard to authority, Mr Ventouris's contention was preferable.

Our system of civil procedure was founded on the rule that the interests of justice were best served if parties to litigation were obliged to disclose and produce for the other party's inspection all documents in their possession, custody or power, relating to issues in the action.

That was not an absolute rule. Nonetheless, disclosure being generally regarded as beneficial, any exception had to be justified as serving the public interest which gave rise to the exception.

The courts must not encroach on a litigant's right to seek and obtain legal advice under the seal of confidence, nor on his and his legal adviser's right to prepare for and conduct his case without revealing the effect of that advice.

But it was hard to see how those rights were infringed if a party was obliged to produce an original document which was in existence before litigation was in the air, and obtained from a third party for purposes of the litigation, but which the third party could be compelled to produce at the trial without ground for objection.

The conclusion which principle suggested was that which authority supported, though the question had never fallen squarely for decision.

In *Anderson v Bank of British Columbia [1876] 2 ChD 644* Lord Justice James said that "as you have no right to see your adversary's brief, you have no right to see that *which comes into existence* merely as the materials for the brief". It was clear he did not contemplate extension of privilege to documents in existence before any question of litigation arose.

Lord Denning MR restated the principles of legal professional privilege, or "privilege in aid of litigation", in *Butte's Gas and Oil [1981] QB 223.*

He said privilege in aid of litigation could be divided into two classes. The first was legal professional privilege, properly so-called, extending to all communications between client and adviser for the purpose of obtaining advice. It existed whether litigation was anticipated or not.

The second only attached to communications which came into existence with the dominant purpose of being used in aid of pending or contemplated litigation.

He said: "That was settled by the House of Lords in *Waugh v British Railways Board* . . . The House approved of the short statement by James LJ in *Anderson* . . . 'you have no right to see that which comes into existence merely as the materials for the brief'".

In Australian case *National Employers' Mutual General Insurance v Waind (1979) 141 CLR 648,654* Mr Justice Mason said the law of legal professional privilege was concerned with the purpose for which a document recording information was brought into existence. New Zealand had adopted the test of dominant purpose laid down in *Waugh*, not the stricter test of sole purpose favoured by the High Court of Australia in *Grant v Downs [1976] 135 CLR 674.* In Canada there had been some difference of judicial opinion.

Mr Dyson for Mr Mountain submitted that material gathered by solicitors for the purpose of litigation was privileged. He said a clear binding rule was established in relation to copies by such cases as *The Palmero (1883) 9PD 6* and *Watson v Cammell Laird [1959] 1 WLR 702*, where the mere fact that copies were made for purposes of litigation was enough; and that it would be anomalous if original documents were subject to a different regime. If an original document was obtained by a solicitor from a third party for the purpose of conducting a client's litigation it was privileged.

Mr Tomlinson expressed reservations about some of the cases on copies, but he argued that whether or not they were consistent and satisfactory, the question to be asked of originals obtained by legal advisers was always that posed by Mr Justice Jacobs in *Grant v Downs* at page 692: "Does the purpose of supplying the material to the legal adviser account for the existence of the material?". If yes, the material was privileged; if no, it was not.

The fact that a solicitor had obtained a potentially important pre-existing original document from a third party should not, Mr Tomlinson argued, enable the solicitor's client to exclude that document from the forensic arena. There would be a real threat to the interests of justice if the law were otherwise.

Mr Tomlinson's argument, in principle, was preferable. The overall effect of authority was to reinforce it. Nothing in the cases suggested that a pre-existing document obtained by a solicitor for litigation purposes should be privileged from production and inspection. Such a rule would pose a threat to the administration of justice.

The appeal was allowed. The documents were not protected by legal professional privilege.

Lord Justice Parker and Sir Michael Kerr agreed.

For Mr Ventouris: Stephen Tomlinson QC and Stephen Hofmeyr (Hill Taylor Dickinson).

For Mr Mountain: John Dyson QC and Andrew Popplewell (Ince & Co).

Rachel Davies
Barrister

RECRUITMENT

JOBS: Danger of official proposals for assessing competence for complex types of work

Intelligence can thrive without principles

WHEN YOUR job throws up a challenge needing action, how do you react? Do you work out what to do in line with defined principles that you could spell out if so requested? Or do you respond largely by "feel", with little or no awareness of guiding principles?

What prompts me to ask is readers' rejoinders to the scepticism this column expressed two weeks ago about the British department of employment's scheme to assess people's fitness for complex work such as management. In case some of you here today were missing then, I'd better recall that the employment bureaucracy plans to lay down standards for skilled jobs so that candidates for same can be pre-tested against the standards to see if they are competent.

The department is evidently a strong believer in defined principles. For it proposes to call on them in assessing competence for kinds of work in which what the worker is actually doing is not visible to an outside observer. An example is "managing change".

In the bureaucrats' view, fitness for such work can be assessed by asking the candidates questions. The person testing their competence would give them a description of some challenge likely to arise in the job, and ask first what they would do in response, then why they'd do it. The idea is that their answer to the "why" question would enable the assessor to judge how well they understood the principles by which the task is done.

The doubt I expressed on that point a fortnight ago arises from personal experience. The work of managing is clearly far more complicated than my own job – writing newspaper columns. But although I'd claim to be quite good at it, I am not aware of anything that could be sensibly termed principles by which my less complex work is done. I do it by feel.

So far 18 readers have commented on the issue. All but three agree that the employment department is optimistic to expect its proposed questioning process will give a reliable assessment of fitness for complicated jobs, especially if they entail innovation.

Even so, 14 interpret my scepticism about the relevance of defined principles to complicated work as upholding the discredited cult of British amateurism which assumes that managers and so on are born, not made. "You're essentially arguing that there's no point in thinking about your performance with a view to improving it," says one. "You either have innate talent for something and so have no need to learn – or lack it, in which case you wouldn't be able to."

I am arguing nothing of the sort. The fact that there are no defined principles governing a particular kind of work, does not stop people from thinking about it and improving their performance as a result. And I hope to show it by referring to one of the great poems of the English tongue.

It is John Keats's The Eve of St Agnes: the night when maidens are supposed to dream of their future husbands. The actual date is January 21, but the arrival of St Valentine's day tomorrow makes it topical. So, in snow-heaped parts of Britain at least, does the poem's opening which reads:

St Agnes' Eve – Ah bitter chill it was!
The owl, for all his feathers, was a-cold;

The poet goes on to tell of the breathtakingly romantic first meeting of two lovers – Madeline and Porphyro – in the most dodgy circumstances. It took place at night in her bedchamber in the castle of her father, a baron who was not only a blood enemy of the young man's family, but was throwing a party for his allies in the feud. Two other characters who come into the act are Madeline's aged nurse Angela, who fixed the meeting, and an even older "Beadsman" who sits about telling his rosary.

If it were true that innate talent was all that mattered, John Keats's first drafts of it would surely have been as beautiful as the version which finally appeared in print. But that is not the case. Indeed, there are things in the early draft he sent to his brother George, which make one marvel that the poem ever recovered.

For a start, the young lover's name was originally not Porphyro. It was Lionel which, with due respect to readers bearing that handle, scarcely evokes thrilling romance. But the best example of the difference between the lugubrious early drafts and the perfect final version is the poem's last verse. As published, it reads:

And they are gone: aye, ages long ago
These lovers fled away into the storm.
That night the Baron dreamt of
many a woe,
And all his warrior-guests, with
shade and form
Of witch, and demon, and large
coffin-worm,
Were long be-nightmar'd. Angela the old
Died palsy-twitch'd, with meagre
face deform;
The Beadsman, after thousand aves told,
For aye unsought for slept among
his ashes cold.

In the original, the last 3½ lines were:

"... *Angela went off*
Twitched with the Palsy; and with
face deform
The beadsman stiffen'd, twixt a sigh
and laugh
Ta'en sudden from his beads by one
weak little cough.

Now if readers can spell out any principles by which such transformations can be made in pieces of writing, I'd be grateful to hear them. While I've often wished I knew some these past 30 years, I've been unable to find a single one. Nonetheless, even though such principles evidently do not exist, John Keats was still able to think about his performance and immeasurably improve it as a result.

My claim is that the same applies to all complex work, not least that of managing, which throws up new challenges requiring an innovative response.

What's more, should anyone protest that management is not comparable with a creative art such as poetry, I'd refer them to a study by Iain Mangham and colleagues at Bath University business school of the chief executives and top teams of 14 of Britain's most successful companies. Although the book on the findings has not yet been published, they were outlined in the FT's management page on August 7 1989.

The researchers set out with the object of identifying the principles by which management is done, in line with the widespread idea that managers run their organisations much as their skilled subordinates operate machine tools and the like. But what the Bath team found was entirely different. The 50 executives they consulted rejected the idea that they were guided by widely applicable management principles.

As Mangham explained: "Those we studied don't run their organisation by operating it as skilled workers would a machine tool; they shape it like sculptors do their raw materials. Moreover, they learned the job by actually doing it, modelling themselves on established practitioners they saw as masters. As a result, they've pieced together a particular sense of what can be done with the material to hand under particular conditions, and of what sort of result will be 'good enough' in the circumstances."

To my mind at least, those words seem an equally apt description of the ways by which John Keats came to publish good poetry. By trial, error and intelligent reflection, he developed the skill to see when what he had done so far wasn't "good enough", and put in the thoughtful work needed to change it so that it was, even though there were no principles to guide him.

The danger with the employment department's scheme is not in the attempt to define principles for complex jobs, but in using them as a criterion for deciding who shall and shall not be certified as competent to do them. In that case, I fear, fewer and fewer innovative talents would get the chance to develop to the full.

Michael Dixon

Director – Legal Services

Major Asset Management Group

up to £75,000 + full package

Our client is one of the City's largest and best-respected independent Asset Management Groups, providing a full range of institutional and retail services from its principal office in the City and its subsidiary offices in the Far East, North America and Continental Europe.

It is now intending to appoint, as Director of Legal Services, a qualified lawyer probably in the late 30's or early 40's, who is familiar with investment-based products and/or other similar financial services.

The appointed candidate will be fully responsible for all the Group's internal and external legal affairs, including those arising from client relationships, domestic and international regulatory and advisory matters, public documentation etc.

In addition to relevant professional experience, the essential characteristics being sought are decisiveness, strong communication skills, and a high motivation to obtain effective practical solutions to problems.

The terms are comprehensive, and include a full "City" package.

Interested candidates should write in total confidence to: Peter Wilson FCA, at Management Appointments Limited, (Executive Search and Selection Consultants), Finland House, 56 Haymarket, London SW1Y 4RN. Telephone: 071-930 6314. Fax: 071-930 9539, clearly indicating those institutions by whom, for one reason or another, they do not wish to be considered.

MAL
Management Appointments Limited
LONDON • PARIS • MILAN • NEW YORK

CHIEF DEALER
CAPITAL MARKETS
c£80,000 + Bonus + Benefits

City bank requires professional, creative chief dealer who can motivate team even when the going gets tough!

Activities include: fixed income and major government bond markets, Eurobonds, convertible bonds, FRN's and equity warrants.

If you are currently running a successful operation within a mid to large City bank call:

Ron Bradley on 071-623 1266

JONATHAN WREN EXECUTIVE
Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP
Telephone 071-623 1266 Facsimile 071-626 5259

APPOINTMENTS ADVERTISING
appears every Wednesday & Thursday (UK),
and Friday (international edition only)

Frozen Assets?

Investment Analysts

c.£25,000 + Benefits

Two major UK Insurance houses are looking for very bright and committed Analysts who will bring their experience and enthusiasm to these busy and growing teams.

Working closely with fund managers on implementing many of your own ideas and recommendations you should quickly acquire the skills required to manage your own portfolio.

Applicants should have at least two years experience of researching either North American or UK markets, individual sectors and companies and be quantitative graduates aged 23-25 with good degrees (2:1 or better).

Junior Economist/Researcher

c.£25,000 + Benefits

Our client, a major international bank, needs an additional member to join their growing team of researchers/economists. A confident personality is key within this focal team which provides information for all areas of the bank.

You will be working in a demanding environment, liaising with, among others, the trading floor, relationship teams and corporate finance. Responsibilities include providing market commentary and economic analysis, generating primary research as well as monitoring risk.

To succeed in this team you are likely to be an economics graduate (2:1 at least) in your mid 20's with 2-3 years experience in a similar role.

For further details please contact Julie Byford or Anita Barker on (071) 583 0073 (day) or (071) 223 5141 (evenings and weekends) or send your cv in complete confidence to: 16-18 New Bridge Street, Blackfriars, London EC4V 6AU. Or fax (071) 353 3908.

BADENOCH & CLARK
recruitment specialists

A worldwide influence on a company's performance

Senior Crude Oil Trader

Up to £60,000 package + car

Our client, one of the world's leading oil companies, is aiming to add further depth to its extremely successful Trading Department by appointing a Senior Trader to the London team.

In a role that obviously has a profound bearing on the overall financial performance of the company, your primary objectives will include identifying and developing attractive market opportunities in a fast-moving and competitive environment and managing and reducing the risk inherent in trading on a large scale.

This highly demanding position requires an individual of outstanding ability who has at least five years' crude oil trading experience to include significant use of management techniques available through futures and options markets. You will be a prudent risk-taker with an impeccable track record who understands the necessity of being a team player both departmentally and on a worldwide scale. You should also have the ability to establish and cultivate working relationships with a wide variety of people from senior government officials to junior traders. There will also be considerable liaison with your international counterparts.

You will enjoy an excellent benefits package which offers the personal and professional security that only a major international company can provide. There may be future opportunities to trade in the USA or Far East, but the position is very much London-based in our client's highly prestigious offices.

In the first instance, please send a full CV to Mike Swaine at the address below. Please state clearly any companies to whom your reply should not be forwarded as applications will be sent direct to our client for consideration.

B&B

Griffin House, 161 Hammersmith Road, London W6 8BS.

INSTITUTIONAL FIXED INCOME SALESPERSON

(Specializing in 2nd and 3rd tier institutions)

London division of one of the leading U.S. Investment firms is looking for a salesperson to work in their City office, covering 2nd and 3rd tier institutional accounts. Minimum five years Fixed Income institutional sales experience required in all major Government markets, associated Euromarkets and derivative products. Excellent commission based compensation structure.

Send C.V. in confidence to Box A802, Financial Times, One Southwark Bridge, London SE1 9HL

Hansard International Limited, a Life Assurance Company based in the Isle of Man is experiencing a period of expansion. The following attractive career opportunity has arisen:

EUROPEAN BUSINESS ADMINISTRATOR

The successful candidate will assist in administration and servicing of International clients.

The candidate must be fluent in Swedish, English and have a working knowledge of other Scandinavian and European languages. The candidate must be familiar with the products and opportunities available with the Insurance Markets. Training in other aspects of International Unit Link Life Assurance will be given as appropriate

Please forward your C.V. in confidence, by post or fax to be received by 20th February 1991, quoting reference EBA/2/91 to:

HANSARD INTERNATIONAL LIMITED
The Personnel Officer, PO Box 192, Bank Hill,
North Quay, Douglas, Isle of Man
FaxNo: +44 624 625133

INTERNATIONAL BANK

Paris Headquarters (Opéra)

We are an active market maker in the French, Spanish and Italian foreign exchange markets. Our continued expansion has opened opportunities for experienced

Fx cross traders

If you have between 2-5 years active trading experience with a proven track record and wish to join a mainly professional trading team in Paris, please write to us under reference 6175 PLAIN CHAMPS, 57, avenue du Général-Leclerc, 75014 Paris (France).

PLAIN CHAMPS

INVESTMENT MANAGER

JAPANESE EQUITIES, LONDON

Our client, a leading institutional investment management company, is seeking to recruit a high calibre individual to take the responsibility for the management of its Japanese Equity Portfolios.

Candidates will have a disciplined investment approach, strong interpersonal skills and a high level of commitment. He/she must be able to demonstrate a successful track record of managing Japanese equities over a period of 3/5 years.

Those interested in confidentially discussing their career should telephone or send their curriculum vitae, including package details, to Richard A Fletcher, Managing Director, Fletcher Jones Ltd, 10 Charles II Street, St James, London SW1Y 4AA. Tel. (071) 839 9002, Fax. (071) 925 0502.

FLETCHER JONES LTD
EXECUTIVE RECRUITMENT

FINANCIAL SYSTEMS

Systems professional with MBA (Finance) and extensive experience of the planning, design, implementation and administration of computer systems for financial institutions seeks interesting and demanding employment. Likely employers would be banks or other institutions requiring a resourceful and intelligent communicator, combining a technical background with an appreciation of business demands and constraints.

Tel: 071 704 7606 or Write Box A375, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

APPOINTMENTS WANTED

Linguist/Administrator

fluent in French and Spanish, seeks responsible position in vibrant organisation in the U.K.. Previous experience in Human Resources/PR/Marketing. U.K. based. Age 31, female. Totally unflappable!

Please reply to Box No A356 Financial Times, One Southwark Bridge, London SE1 9HL.

EUROPEAN EXPANSION

We can offer an exceptional business opportunity which has an established track record in the USA & UK.

We are currently expanding into Germany as a precursor to the rest of EEC.

Part time and full time openings available.

Substantial income and capital potential.

Telephone Michael Blair Melville at
NETCO-WILLWELL LTD
on London 071 376 7070

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

Credit Suisse Buckmaster & Moore is a wholly owned subsidiary of Credit Suisse. Our International Asset Management Division offers specialist asset management expertise to clients worldwide.

International Asset Management

RESEARCH ASSISTANT FINANCIAL MARKETS

As a key member of the research team supporting the Division, your role will be to assist in the research *into systematic* quantitative investment techniques, particularly those applying options and future to institutional portfolios. The research will cover both equity and fixed income markets, as well as derivatives, in the UK and overseas.

You will have a high degree of computer literacy and must be a recent, exceptional *graduate*, or preferably post graduate in either:

- Quantitative Economics
- Economics
- Accounting and Finance or
- Maths and Statistics

£20,000-£27,000 + Mortgage Subsidy

The ability to conduct research into the financial markets must be combined with the skills of communicating academic concepts to market practitioners and clients in a strongly commercial environment.

You must have a minimum of 2 years relevant experience in financial market research. This is likely to have been in the commercial area. Your working background is likely to be in statistics rather than maths; additionally some accounts/finance experience will be useful.

Please write with a *short* cv to: Head of Personnel, Credit Suisse Buckmaster & Moore Ltd., Beaufort House, 15, St. Botolph Street, London EC3A 7JJ.

CS **Credit Suisse Buckmaster & Moore**

Texaco is one of the largest UK North Sea oil producers, actively involved in operated and joint venture activities, and committed to long term exploration and development projects.

The complexity and risk involved in finding and developing North Sea oil fields calls for in-depth analysis and evaluation based on established business and economic techniques.

Economic and Business Analysis

Central London

Naturally, the Texaco professionals who evaluate our upstream projects make a significant contribution to the *profitability of the company. The diversity of our work covers* exploration, development and the analysis of acquisitions and disposals both in the UK and in our possible ventures into Europe.

We are currently seeking to strengthen our close knit team in two areas:

The first position carries a challenging range of *responsibilities covering cashflow analyses together with* economic evaluations and analyses of specific business opportunities such as farm-ins and farm-outs, tariffing deals and leasing of facilities.

The second focuses more on maintaining existing financial models and databases together with the development of new ones. This will entail the evaluation of new software packages as well as assisting and training users in new and existing systems. A proven aptitude for computers is therefore essential.

In each case, we seek graduate calibre professionals who have gained sound experience of financial modelling techniques, *a good understanding of investment appraisal methods and* Lotus 1-2-3. An in-depth knowledge of upstream economic and commercial issues is also required, although candidates with an upstream technical background will be considered.

In addition to your good analytical skills and business awareness, you should be capable of presenting your results effectively to all levels of management.

We are currently based in Knightsbridge but in 1992 will be moving to brand new custom-designed offices in Westferry Circus, Canary Wharf. These offices will be part of one of the highest quality developments in Europe and will be linked to other centres in London by greatly improved road and rail transport.

To help you in your development, we provide a comprehensive training programme supported throughout your career by extensive management, corporate and technical *training, utilising video, films, books, courses and computers. With* a 'promotion from within' policy, career prospects are excellent.

We're offering a competitive salary and benefits package including share purchase scheme and discount on company products.

To apply, please write including a full CV and quoting reference FT /1206, to **Lynda Rumble, Personnel Officer, Texaco Limited, 1 Knightsbridge Green, London SW1X 7QJ.**

TEXACO

We are an equal opportunities employer.

CORPORATE MARKETING OFFICER

To develop new *business*
in commercial lending and financial leasing

c.£30,000, car + mortgage subsidy **City**

This young, entrepreneurial merchant bank is the UK subsidiary of an established European group with long term interests worldwide. Providing a quality service to middle market corporates, it has already established a high reputation in its field but has now identified an opportunity to develop its range of commercial lending products by moving into asset finance. Not only will this generate extra business from existing clients, but it should also provide the means for attracting totally new business. As leasing is a new product, we have been asked to find a Marketing Officer with a first class banking background (with either a clearing bank or a merchant bank), whose career has developed successfully into marketing and leasing. You will have a dual responsibility: to market and obtain business across the full range of banking services and to help develop the business potential of mid-ticket leasing. In this latter aspect, you will be the centre of expertise; so it will be essential that you are able to demonstrate a high level of specialised knowledge, which must be supported by business acumen and the ability to find, and develop sound relationships with, clients. Our ideal candidate, in the late twenties/early thirties, will be genuinely self-motivated and ambitious (even though we realise that all candidates believe they have these qualities!), and will be able to work as an all-rounder within a small, informal but highly commercial team. Please send full career details, quoting reference WE 1013, to Judy Brasier, Ward Executive Limited, Academy House, 26-28 Sackville Street, London W1X 2QL Tel: 071-439 4581.

WARD EXECUTIVE
LIMITED
Executive Search & Selection

APPOINTMENTS WANTED

INTERNATIONAL TRADE

Trilingual, degrees in business/chemistry. Over 20 years experience in sales, management, marketing. Seeking a challenging career worldwide.

LR, 1810 Avenue N, 6H, Brooklyn, NY 11230. Phone 718 336.9246

HAD IT WITH THE CITY ??

We need to talk.

Call Sean O'Beirne
071 222 8866 Ext. 2466

INTERNATIONAL CREDIT – INVESTMENT BANKING

London **Base £40,000 + banking benefits + car**

Our client, one of the world's foremost investment banks, is active in all major financial markets. Its activities cover a wide spectrum of country, corporate and product risk. The role of the Credit Review function, which plays a vital part in our client's continuing success, is to assess, approve and control counterparty risk.

The Head of Credit is currently looking for an associate to work with and deputise for him. This is a front-*line, highly visible role which will involve regular contact with a wide range of departments and senior* individuals.

You should be a graduate, possibly an MBA, with at least 7 years' experience in credit or lending gained in a global commercial bank. Your background will include the bank's credit training programme, international as well as UK experience and exposure to the more complex financial and derivative products.

Alternatively, your experience may have been gained in the credit function of a broadly based investment bank.

If you possess the necessary experience, as well as highly developed analytical interpersonal skills, please send your c.v. with full details of your experience and training under reference ICIB/23834/FT.

Applications will be forwarded unopened to our client. If there are any companies to whom you do not wish your application to be sent, these should be listed in a covering letter and the envelope marked for the attention of the Security Manager.

Campbell-Johnston
Recruitment Advertising Limited
3 London Wall Buildings, London Wall, London EC2M 5PJ

CJA RECRUITMENT CONSULTANTS GROUP
3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 071-588 3588 or 071-588 3576
Telex No. 887374 Fax No. 071-256 8501

Opportunity to join a young, expanding company offering excellent longterm international career prospects.

SUPPORT AND SALES MANAGER – SWITZERLAND

TRADERMADE©

ZURICH **EXCELLENT PACKAGE**

DEALING ROOM TECHNICAL ANALYSIS SERVICES

Tradermade International provides a range of sophisticated screen based real time graphical and numerical technical analysis services to customers trading in the FX and Futures markets. With satisfied top name subscribers throughout Europe, Tradermade has established an enviable reputation for the quality and reliability of their comprehensive services. As part of their planned European expansion they now seek a Support and Sales Manager (aged 30-45) to establish and manage a Zurich sales office. The successful applicant will have direct experience in these financial markets, probably as a dealer, with a knowledge of technical analysis and familiarity with computer systems. Fluency in German, English and French and the right to reside in Switzerland are essential. Reporting to the Director of Sales and Marketing in London responsibilities will include consolidating relationships with current Swiss subscribers, personally generating new leads and as a non-resident member of a small team of specialists from around Europe, contributing to pan-European strategy. There will be extensive travel throughout Switzerland and Europe and regular visits to London Head Office. A demonstrable record of closing *contracts and the ability to drive ahead without supervision are essential.* Initial remuneration will be by way of high basic salary + commission and excellent benefits package.

A similar vacancy will shortly exist to establish a PARIS Sales Office.

Please write in the strictest confidence, indicating salary requirements, to: **Philip F. Taylor, Director of Sales & Marketing, Tradermade International Limited, 8 Archers Court, 48 Mason's Hill, Bromley, Kent BR2 9JG or telephone 081-313 0992.**

Opportunity to develop a new department from scratch – scope to advance to a more senior position within 3-5 years

CJA

HEAD OF CREDIT RISK CONTROL – BANKING

LONDON **£40,000-£55,000**

MAJOR INTERNATIONAL BANK – ASSETS IN EXCESS OF £40 BILLION

Applications are invited from candidates, aged 35-42, who will have gained at least 10 years' successful practical experience in risk management analysis in either a clearing bank or a bank with a substantial lending portfolio; at least 3 years of which must have involved managing a team. The successful candidate will build and control a new team to disseminate and analyse credit risk data as it relates to the Bank's clients, in order to effectively monitor risk, restructure, nurture credits back to health and, as necessary, recommend appropriate action where debt limits have been exceeded. Experience in dealing with blue and yellow book regulations, good contacts among UK clearing banks' accountants and lawyers, plus the ability to negotiate and structure are key requirements for this position. Initial salary negotiable £40,000-£55,000, plus car, subsidised mortgage facility, non-contributory pension, free life assurance, free medical cover. Applications in strict confidence under reference CRC4792/FT, to the Managing Director: CJA.

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE: 071-588 3588 or 071-588 3576. TELEX: 887374. FAX: 071-256 8501.

Senior Corporate Bankers

London, Bournemouth and Bristol
Extensive banking package

Innovation, experience and the strength of our client relationships are the foundations of our business.

A business retaining a personal approach based on a thorough understanding of corporate banking needs to identify individual solutions.

Our clients cover a wide range of sizes and market sectors and yet each benefits from the same high level of professional service and commitment from their client management teams.

Sustained and rapid business growth means we are in an excellent position to develop further the market potential through our London branches and regional network – each of which are independent in culture and management style.

We are now looking for ambitious senior and suitably experienced Corporate Bankers. Of graduate calibre and ACIB qualified (or equivalent), the successful candidates will be self-motivated and dynamic in generating new business. Excellent communications and management skills are also required.

To apply please forward your full CV including income details to Mrs. Anne Dunford, Assistant Director – Personnel, Hill Samuel Bank Limited, 100 Wood Street, London EC2P 2AJ Fax: 071-606 3845.

HILL SAMUEL
MERCHANT BANKERS

A Member of the TSB Group
A Member of The Securities Association

INVESTMENT ANALYSTS

Euroline Financial Services, an investment analysis company seeks well qualified analysts to work in our European offices. Preferably with good business education the successful candidates will be able to work and communicate *effectively within a team. He/she will become* involved in every aspect of the business from the analysis of equities to the production and marketing of Euroline products. Please send CV and covering letter: c/o Mainserve Ltd, Miss Debbie Elliston: 20 New Bond St, London W1Y 9HF Fax: 071-491 2035.

AN EXCEPTIONAL BUSINESS OPPORTUNITY

Three ambitious self motivated people to join top financial services team with one of the industries key players. Interested?

Telephone: Peter Richards on 081-948 0666

No: 2205

1991 – YOUR CRUCIAL YEAR?

Changing your career?
Finding employment?
Taking vital exams?

NOW IS THE TIME to consult us for expert assessment and guidance. Free brochure:

CAREER ANALYSTS
90 Gloucester Place, W1
071-935 5452 (24 hrs)

Appointments Advertising

appears every Wednesday & Thursday & Friday (international edition only)

For further information please call

Jennifer Hudson
071 873 3607

Richard Jones
071 873 3460

Teresa Keane
071 873 3199

ACCOUNTANCY COLUMN

Japanese practices embody radical approach

By Christopher Nobes

EVERY COUNTRY'S accounting practices are unique; some more strikingly so than others. In Japan, for example, symptoms of accounting differences abound.

Some of the vast discrepancies in financial indicators stem partly from cultural differences. Does Japanese gearing look frighteningly high because the accounting numbers are calculated differently there? Or is it really high but not really frightening because of the close relationship between companies and their bankers? The answer is "both".

A similar answer seems appropriate for another famous riddle: are Tokyo p/e ratios high because of different earnings calculations or because of real differences in expectations, the behaviour of brokers, institutional investment flows and so on?

Full answers to those sorts of question have yet to be established. However, we can make a start by examining accounting, where at least some important differences can be discerned, and therefore adjusted for, with some precision. Japanese accounting in the 1990s is descended from native medieval book-keeping, overlaid by a commercial code modelled on late 19th-century Franco-German precedents, rounded off with US-inspired securities laws of the late 1940s.

One feature of Japanese accounting that is like German or other continental accounting is control by government ministries, which is examined further on. It is backed up by other government influence in the form of tax rules that generally determine the size of depreciation and various other provisions. That is also reminiscent of Germany, and in both countries deferred tax is unimportant.

Another continental-style feature is the lack of public availability of accounts of the large majority of companies, compared with filing requirements for all companies in the UK.

Further German-style features in Japan are: strict historic cost; dominance of form over substance (e.g. long leases tend not to be capitalised); lack of accrual for proposed dividends; the creation of legal reserves; the use of a version of the temporal method for currency translation; and a lack of full provision for pensions.

Features that show the influence of the USA include the special rules for listed companies in the Securities Law (see further on); the preparation of consolidated accounts including foreign subsidiaries and associated companies; the preparation of funds flow statements; and the amortisation of goodwill. Even more obvious US-style features are the order of balance-sheet items (starting with current assets), the American terminology in translated accounts and the disclosure of earnings per share.

Except in the few cases noted, the German-style features of Japanese accounting are not found in the US or in the UK; and the US-style features are not found in Germany. Some other Japanese practices that fit with neither Germany nor the US are:

- The use of historical exchange rates for translation of non-current foreign-currency monetary assets and liabilities in the balance sheets of individual companies.
- The tendency to show items in the financial statement as percentages of total assets (balance sheet) or sales (income statement). Some European companies also do that.

The most important type of company in Japan is the KK (*kabushiki kaisha* or joint stock company). They have to obey the commercial code, which is controlled by the Ministry of Justice and does not require the preparation of consolidated accounts or the public filing of documents. Only certain large companies need an independent professional audit.

All companies are affected by the need to charge expenses for accounting purposes if the expenses are to be tax-deductible. For example, a Japanese company will usually take the maximum bad debt provisions allowed by tax law, irrespective of the actual prediction of bad debts. In addition, the reducing-balance method of depreciation will be used in the accounts because it allows faster tax deductibility.

For those 2,400 KKs whose securities are publicly traded, there are also the requirements of the Securities Law. They are enforced by the Ministry of Finance and elaborated by its Business Accounting Deliberation Council (BADC). The rules do require consolidated accounts, independent audit and extensive public filing.

Some large companies also prepare "convenience translations" into American English and American dollars. Some items are rearranged, such as taxes and extraordinary items. The amount of disclosure is larger in some areas and smaller in others compared to the original statutory accounts. Hence convenience translations give a somewhat misleading impression of real statutory accounts. A few very large Japanese companies are listed on the New York Stock Exchange, so they have to fulfil Securities and Exchange Commission (SEC) requirements, such as providing a reconciliation of their accounts to US generally accepted accounting principles.

To summarise the availability of accounting information:

- For most companies, nothing is publicly available.
- For non-listed KK companies, accounts drawn up under the commercial code are available to stockholders and creditors (unconsolidated, lacking in detail, tax-influenced).
- For listed companies there are securities law/BADC accounts publicly available.
- For internationally oriented companies there may also be translated and partly adjusted accounts.
- For SEC-registered companies there will be reconciliations with US generally accepted accounting principles.

There are, of course, hundreds of significant differences under that heading between Japanese accounting practices and those of other countries. The principal differences from normal UK practice for large companies can be now summarised as follows:

- Property is carried at cost in Japan, whereas it is often revalued in the UK.
- Goodwill in Japan is usually capitalised and is charged against profit, whereas in the UK it is usually written off immediately against reserves.
- Bad-debt provisions are set at the maximum allowed by tax rules in Japan, while they are set on the basis of reasonable predictions in the UK.
- Stock is often valued at cost rather than at net realisable value if lower.
- Pensions are not fully accrued for in Japan.
- Depreciation is based on the same rules as tax rules in Japan, which often means that depreciation is higher.
- Non-current debtors and creditors in foreign currencies are translated at historical rates in Japan, but at closing rates in the UK.
- A legal reserve is established in Japan.
- Proposed dividends are not accrued in Japan.
- US-style formats are used for Japanese balance sheets.
- US terminology is used in translations.
- A version of the temporal method is used for foreign subsidiaries' accounts in Japan, rather than the closing rate method.

Those differences mean that profits and values cannot be straightforwardly compared on an international basis. On the whole, Japanese rules lead to lower profits and lower asset values than would UK rules. However, no useful rule-of-thumb adjustments can be made; proper comparisons require painstaking line-by-line adjustments, sometimes based on inspired guesswork. Although the linguistic difficulties of Japanese are daunting for the average businessman, they are trivial compared to the accounting problems.

Professor Nobes is Coopers Deloitte Professor of Accounting at the University of Reading.

ACCOUNTANCY APPOINTMENTS

Director & Co. Secretary

Circa £60,000

A Group board appointment in a highly profitable engineering and technology plc, UK based, but deployed internationally to serve electronic, industrial and aerospace markets.

- **THE TASK** is to support the continuing programme of small acquisitions and to lead the company secretarial function including property and legal advice. There is scope for career progression.
- **THE NEED** is for a qualified accountant with a record of company evaluations and acquisitions ideally in an engineering context.
- **COMPENSATION** base salary £40,000 to £50,000 plus performance bonus of up to 50%.

Preferred age early 30s

West London perimeter

Write in confidence, enclosing Curriculum Vitae, quoting reference L7363/FT to:-

TK SELECTION

8 Hallam Street, London W1N 6DJ. Telephone: 071-580 6113. Fax: 071-631 5317

A DIVISION OF TYZACK & PARTNERS

International Audit

Far East, Europe and North America

to £35,000 + Car

This client is a substantial UK-based plc, composed of several service sector divisions each of which is multinational. The international profile of the Group is complex, with multi-industry representation in each major continent. To enhance control the Group is creating a new internal audit department which will comprise a small team of highly skilled, versatile and well motivated individuals. As a result three senior auditors are required who will be responsible to the Head of Audit for establishing the internal audit activity for a specific region.

IN THE FAR EAST there are substantial and rapidly expanding businesses in South East Asia, Japan and Australia. The Far East Auditor will spend 70% of his/her time in the region. (Ref L471)

IN EUROPE the Group's several divisions are re-inforcing their position by acquisition and joint venture in addition to organic growth in response to the opportunities presented by the Single European Market. The European Auditor will be based in London but will spend 70% of his/her time on the Continent. Fluency in European languages is important, the priorities being French, Spanish and German. (Ref L472)

IN NORTH AMERICA the Group has key interests onshore and offshore. This role will involve 25% North American travel and will also carry responsibilities for UK audits. (Ref L473)

Applicants should be graduate chartered accountants with 3-6 years' post-qualification experience gained in one of the major audit firms. Computer literacy is important. A strong academic and audit record is required as the successful applicants will be expected to move into one of the many operational or headquarters roles which will become available in the next 2-3 years.

Additionally **2 NEWLY QUALIFIED GRADUATE ACCOUNTANTS** with a similar early record will be required in September as junior members of the team. (Ref L474)

Please reply quoting the appropriate reference to:

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand
London WC2E 7EB
Tel: 071-240 7805

Mason & Nurse
Selection & Search

Financial Controller

Greater Manchester — **c. £30,000, bonus, car, benefits**

High-quality manufacurer of an engineered product, the principal subsidiary of a progressive £150m turnover Plc, has recently relocated to a greenfield site, installed advanced manufacturing facilities and restructured its marketing and distribution operations to compete aggressively in an international market place. The management team now requires an experienced, high-calibre professional to develop business systems and build a team to provide an outstanding level of service to support future growth plans.

The Role

- Exercise strong leadership within finance function, providing responsive and meaningful information to local executive and Group.
- Raise performance awareness across all management disciplines.
- Select, evaluate and implement activity-based reporting systems.
- Report to General Manager; liaise closely with Group Finance Executive.

The Qualifications

- Graduate-calibre, qualified accountant. Likely to be ACMA. Age 28-42.
- Track record of successful implementation of integrated computer systems.
- Sound experience of advanced manufacturing control systems.
- Self-assured and articulate communicator. Capable of progression within the Group.

Please apply in writing, enclosing full c.v. Ref: M485.

ASB SELECTION

Amethyst House, Spring Gardens, Manchester M2 1EA. Tel: 061-834 0618. Fax: 061-832 9123.

FINANCIAL CONTROLLER DIRECTOR DESIGNATE

West Yorkshire

Attractive Package + Car

Crosslee plc, winners of the Queen's Award for Export in 1990 and acknowledged as leaders in our field have an opportunity for a Financial Controller seeking both a challenge and career progression.

With global sales in excess of £35 million the company has an enviable reputation of quality product and customer service employing over 500 people within two expanding sites based in the North of England and North Wales.

Reporting at Director level the successful candidate will take full responsibility for advising the Board, developing all financial and accounting policies, managing the upgrading of financial reporting and support systems, controlling the resources and shaping business decisions, including appraising potential acquisitions.

Aged mid thirties, you will be a qualified accountant with a successful track record, possessing well developed management and communication skills, coupled with the initiative and drive to take a proactive role in business management.

Interested applicants should write enclosing a comprehensive Curriculum Vitae to:

Janet McNamara Personnel Manager
Crosslee Plc., Lightcliffe Factory
Hipperholme, Halifax
W. Yorkshire HX3 8DE

CROSSLEE PLC

Group Tax Manager

West London — **c. £50,000 + Car + Benefits**

Our client, a major plc and household name, is seeking to recruit an experienced corporate tax specialist to head the tax department. The group has a turnover of c. £2bn with interests principally in the UK, Europe and North America.

The company is involved in a range of activities including the manufacture, distribution and retail of consumer goods.

Reporting to the Finance Director, with a team of six, the successful candidate will have responsibility for UK and overseas tax planning and compliance, and will be required to liaise at the highest level of management. A particularly important part of the role will be the management of the Group's tax strategy.

Candidates, male or female, should be either ACAs or Ex Revenue with at least 3 years experience in industry or at a senior level in Public Practice.

Applications should be sent to Stephen Hackett, Douglas Llambias Associates Limited, 410 Strand, London WC2R 0NS or for more information, please phone 071-836 9501.

BIRMINGHAM 021-455 4421
EDINBURGH 031-225 7744
GLASGOW 041-226 3101

DLA LLAMBIAS TAX
RECRUITMENT CONSULTANTS

LEEDS 0532 342966
LONDON 071-836 9501
MANCHESTER 061-236 1553

Finance Director

High Profile Main Board Appointment

READING BERKS

Sir Alexander Gibb & Partners Limited is a leading British and international multidisciplinary civil engineering consultancy with a worldwide record of achievement and a strong UK regional development programme.

The Finance Director is the senior UK resident financial adviser to both the Main and Management Boards and is responsible for the direction, administration and co-ordination of all finance issues for the main UK company. You will oversee financial, management and statutory reporting (UK and US GAAP), treasury management and cash flow, tax and budget planning as well as leading and motivating a professional team of 30. You will also support the evolution of financial and project reporting systems and make a major contribution to the development of corporate financial policy.

Aged over 35, you will be professionally qualified and preferably Chartered, with experience in a "Big Eight" international accountancy firm. You will also have spent at least 5 years in a large-scale consultancy environment of a service - related nature, such as construction or civil engineering. Essentially business orientated, you will have well developed interpersonal skills and be a highly motivated self-starter.

In return, you will receive an attractive negotiable salary and generous benefits package including relocation assistance if appropriate.

Please write in confidence with full cv, including salary, to: Andrew Bell, Personnel Executive, Sir Alexander Gibb & Partners Limited, Earley House, 427 London Road, Reading, Berks., RG6 1BL Tel. (0734) 61061

SIR ALEXANDER GIBB & PARTNERS

Burgess

FINE PRINTERS AND TEXT PROCESSORS SINCE 1827

FINANCE MANAGER

Burgess & Son (Abingdon) Limited is a 270 people strong, highly successful printing company in the forefront of technological developments in one of the most modern factories in Europe. The Company specialises in the production of fine art prints, greetings cards, journals and government work to exacting standards.

The closely knit management team now has a vacancy for a Finance Manager to take charge of the accounting, management accounting and costing for two factories and will be appointed to the Executive Board. He or she will report direct to the Financial Director. Good computer systems experience will be most helpful.

Being part of Wace Group PLC, a British printing group with 100 companies worldwide, Burgess offers good career opportunities for the future. As such, the vacancy will be particularly attractive to applicants under 35. The remunertion package will include an excellent salary and company car.

Applications in writing to
Martin Barritt, Financial Director,
BURGESS & SON (ABINGDON) LIMITED
Thames View, Abingdon, Oxon OX14 3LE

BLACK COUNTRY DEVELOPMENT CORPORATION

Finance Director

Salary Indicator £36,000 p.a.

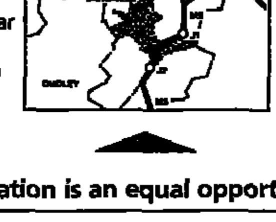
Black Country Development Corporation is one of the Country's leading regeneration organisations with a funded commitment to a programme aimed at transforming the heart of the West Midlands.

Its range of activities include land acquisition; commercial, retail and residential site disposal; major infrastructure and environmental programmes and a range of community and business development initiatives.

We need to appoint a Finance Director who will advise on all aspects of financial planning, forecasting and appraisal, and income management; and be responsible for the management and control of the Corporation's Finance Team.

For this key role the ideal candidate, from the private or public sector, will be a qualified professional – FCA or CIPFA – and will be able to demonstrate experience and achievement at senior management levels, including the financial management of substantial capital programmes.

The salary indicator for this appointment is in the region of £36,000 per annum, but a higher salary may be awarded to candidates with proven exceptional ability and experience. The appointment will carry additional benefits, including the Corporation's car scheme, pension fund and relocation expenses in appropriate cases.



For further information please write to:
David Morgan,
Chief Executive,
Black Country Development Corporation,
Rounds Green Road,
Oldbury,
West Midlands B69 2DG.
We intend to review completed applications not later than 19th March 1991.

The Corporation is an equal opportunities employer.

FINANCE DIRECTOR

O&K

Substantial Salary + Profit Share + Car + Other Benefits

Keighley, West Yorkshire

Operating autonomously within the worldwide group Orenstein & Koppel AG, O&K Escalators are the leading manufacturers of escalators and autowalks. With a turnover of £20M and a dominant position in the UK market, O&K are successful, profitable and have an enviable reputation, second to none, for quality, safety and service. As a result of promotion within the Group, they are now seeking to appoint a Finance Director. Reporting to the UK Managing Director, the Finance Director will be a vital member of the close-knit senior team, heading up the finance, purchasing, stores and computer departments. Responsibilities will include all aspects of finance, data processing, control of resources and will incorporate the role of Company Secretary.

The successful candidate, probably aged 35-45 and professionally qualified, will ideally have worked in a manufacturing environment, perhaps with some contracting experience. Your ability to work closely with your senior colleagues, your strategic and financial judgements and your open, flexible working style will be critical to your success in this role.

For the right person, our client offers very attractive financial rewards, generous benefits and superb working conditions. If you believe you have the right qualifications, experience and personal qualities to allow you to succeed in this role, please apply to the Company's Advisor, Susan Hanson, Mercuri Urval, Jubilee Chambers, 163/165 The Headrow, Leeds LS1 2QS, quoting ref. SPAH/125.

Mercuri Urval

CITY–GREEN FIELDS

Our client, a substantial privately-owned organisation has an enviable track record in the acquisition and turnaround of ailing companies, typically within a two-year time frame, through the application of the Group's considerable resources and expertise.

As a result of the rapid growth to date, our client has reorganised its operations into three operating companies serviced by a City based small, dynamic finance team. This provides a centre for management and functional expertise and the resources for planned future expansion. Two new positions have now arisen:

FINANCIAL ACCOUNTANT c.£30,000 + Car

A recently qualified CA would find this opportunity both personally rewarding and professionally stimulating. You will assist in the preparation of statutory and month end Accounts, supervision and control of general ledger, cash and credit control activities, through the direction and management of several staff.

MANAGEMENT ACCOUNTANT c.£27,000 + car

A qualified CIMA with an attitude focused towards providing solutions rather than problems would find this position a particularly interesting and challenging career move. You will assist with budget preparation, Management reporting, corporate plans, appraisal of new ventures/acquisitions and special investigations.

Apart from the expected financial skills, both successful candidates will need to demonstrate a background of flexibility and problem solving, ideally working with a small focused team which will play a key part in the Group's plans for rapid expansion.

Future prospects are excellent and there is a very good executive benefits package in addition to the above salaries and company car.

To apply, please write enclosing a full Curriculum Vitae and salary history, to: Jeremy Lancaster

a division of PROBE MANAGEMENT plc

PROBE EXECUTIVE SELECTION
15 Artillery Passage, Bishopsgate, London E1 7LJ.

FUTURE F.D. POTENTIAL

YOUNG HIGH FLIERS FOR BUSINESS ROLES

ATTRACTIVE LOCATION NORTH WEST OF ENGLAND

c£35,000 + COMPANY CAR + EXECUTIVE BENEFITS

As one of Europe's most successful companies, we place a high value on the importance of our finance managers to business growth. Our continued success will depend on the calibre of our human resource and as we expand our core business into exciting new ventures, we are looking for high calibre professionals with fresh ideas, vision and the motivation to rise to new challenges.

This has prompted the need for young business managers to face the following challenges:

Considerable activity generated by new business development will require extensive financial and commercial expertise to determine potential viability. This involves a variety of projects ranging from trouble shooting to establishing new businesses generated from adventurous ideas and expansion into separate entities. Initially working within our current financial structure you can expect to fulfil a senior financial role when these businesses are launched.

The roles will involve high visibility within the company and as such will require exceptional interpersonal skills, and an ability to be influential at all levels of the organisation. Your professional and academic qualifications will be taken as read but of real interest will be demonstrated personal credibility through an excellent track record. *Of paramount importance however is your ambition and ability to succeed in a leadership role within a progressive blue-chip company looking for its managers of the future.*

The salary quoted is indicative only and should not be a limiting factor for the right candidate. If the scope and challenge of these roles appeals to you, please send your CV to our advising consultant, Camilla Copp at 43-44 Great Windmill Street, London W1V 7PA. Telephone 071-734 7394 (days) or 081-543 7508 (evenings).

STRATEGIC BUSINESS MANAGER

Both eyes on tomorrow's business

C£27,000 PLUS EXCELLENT BENEFITS

British Rail's Network SouthEast is aiming to provide the most modern and efficient commuter rail service in the world. In order to meet our qualitative and quantitative customer service targets, we are implementing a progressive restructuring of the business, supported by major investment.

We are now looking for an experienced business strategist to help shape our future and improve our bottom-line performance. Your brief will be wide-ranging, involving the preparation and review of business plans, the modelling of alternative scenarios and constant liaison with government on business and regulatory issues. In making a vital contribution to a radically-changing enterprise, you can be sure of all the support you need to implement your own ideas.

You will be a numerate graduate with four years' relevant experience and a sound understanding of Lotus, modelling techniques and accounting and cash flow analysis.

Together with excellent career prospects, this position carries a competitive salary and benefits that include free rail travel, BUPA, an outstanding pension scheme and 27 days' holiday a year.

In the first instance, please send your CV, to arrive no later than 28th February 1991, to Graham Hewett, Director, Strategic Review, Network SouthEast, Euston House, 24 Eversholt Street, PO Box 100, London NW1 1DZ.

British Rail - Working towards equal opportunities

Network SouthEast

TREASURY MANAGER

Salary c£40,000 p.a. + Car *Swindon*

The Burmah Castrol Corporate Finance team is primarily responsible for financing, tax and insurance for the whole group. Including Foseco, recently acquired as the result of a successful bid, Burmah Castrol has operations in over 45 countries.

The Treasury Manager is a key position in that team. Reporting to the Head of Treasury, the Treasury Manager will work directly in the following areas:

- arranging and negotiating new borrowing facilities
- shaping (in relation to particular transactions) the financial structure of subsidiaries in line with Company strategies
- monitoring and advising on new financing opportunities, including recommendations on covenants and constraints
- formulating and implementing project financing, including off-balance sheet arrangements

In addition, an important immediate task for the Corporate Finance Team is the integration of the financing of Foseco plc.

You will also develop sound professional working relationships with the Company's principal bankers; advise on the Company's debt retirement profile; regularly assess availability of financial resources; and at all times ensure the Company is in compliance with borrowing and trust deed agreements.

Ideally, you will be aged late 20s to early 30s, a graduate and a chartered accountant with treasury experience of liabilities funding, debt structures and UK and overseas taxation. Foreign exchange risk and international money management experience would be valuable. Membership of the ACT would be an advantage.

Working internally at all levels in the Company and externally with principals from banks and other key institutions, you will need strong presence and well developed inter-personal skills. This is a superb opportunity to become a member of an active and professional team and to demonstrate and develop your skills.

Company benefits include a management incentive scheme, a quality car, an excellent pension scheme, BUPA and a sale price guarantee relocation package.

To apply please write enclosing your C.V. to:
Bryan Argent, Management Resourcing Manager, Burmah Castrol Trading Limited, Burmah Castrol House, Pipers Way, Swindon SN3 1RE. Telephone: (0793) 512712.

BURMAH CASTROL PLC

GROUP MANAGEMENT ACCOUNTANT

M3 Corridor **To £35,000 + Car**

Our client is an independent, high quality, premium branded housebuilder with a six figure turnover. They have created a strong, well recognised style generating long term loyalty and demand, which is enabling the Group to withstand the current difficulties of the industry.

In strengthening his team, the Group Finance Director is seeking to appoint a Group Management Accountant.

The role focuses upon group planning, performance reviews and research and analysis for major commercial projects. This will involve substantial exposure to senior management across the Company, and will frequently involve a great deal of highly confidential work. The emphasis will be commercial, on bottom line contribution.

You will be a qualified accountant, probably ACMA, aged 27-33, with experience of a planning role in a forceful, demanding environment.

Relevant industry experience is not a particular requirement; it is more important that the successful candidate be able to apply themselves to both short and long term thinking under tight deadlines.

Please submit your CV in application to: Wayne Thomas, Wheale Thomas Hodgins PLC, 9 Unity Street, College Green, Bristol BS1 5HH.

FINANCIAL ANALYST

Central London **£40,000 negotiable**

This is a key appointment within the core decision group of a major multi-national corporation, a market leader in its sector with a turnover in excess of £1 billion.

Reporting to the Deputy Chairman, the responsibilities of the Financial Analyst will extend to all Group Companies in the UK and overseas.

The top priorities will be:

* To report and make recommendations on the financial and business plans of the Group's trading subsidiaries.
* To analyse and report on Company and Group strategies including existing businesses, potential acquisitions and joint ventures.
* To analyse market sectors and assess profitability of existing and new markets.

Suitable candidates will be graduates, probably aged 25-30 with a business degree and experience of working within a fast moving commercial environment. Languages, including French, would be a distinct advantage as would experience of financial or strategic consulting.

Please apply, sending a comprehensive CV to:

AGB Executive

Sioned Evans PO Box 283, 33 Holborn, London EC1N 2NE.

Caledonian MacBrayne
Hebridean and Clyde Ferries

Financial Director (Designate)

c£30k + car

Caledonian MacBrayne Ltd employs 800 people, carries six million passengers each year, sails to 23 islands in the West Coast of Scotland, and generates a turnover of over £27 million. As a result of continuing growth, the Board has decided to appoint a Financial Director — a new position for the Company.

Based at Head Office in Gourock, the person appointed will carry full responsibility for all statutory and corporate financial matters, and contribute towards the strategic objectives of the Company.

Candidates will be CA's, with around ten years' post-qualifying commercial experience, almost certainly in the private sector. They must have sufficient stature to enable accession to the Board to take place within a short period.

Salary around £30,000 (reviewed on achieving Board status), car and other benefits, including relocation assistance if necessary.

Please write — in confidence — to Peter Preedy, MSL International (UK) Limited, Allan House, 25 Bothwell Street, Glasgow G2 6NL. Please quote ref. F/67566.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

The Financial Times proposes to publish the Chartered Accountant's examination results on Thursday 28 February 1991.

For further information please call Richard Jones on 071-873 3460

UK FINANCIAL CONTROLLER

Acer is one of the UK's leading multi-disciplined engineering consultancies, a position we have reached with a dynamic and often innovative approach to all aspects of our operation. We have grown rapidly in recent years in an extremely competitive international market and now have a Group turnover of £50 million. We are currently seeking a UK Financial Controller who shares this forward looking approach to join us and make a valuable contribution.

Acer Europe is tackling some extremely challenging and prestigious projects, and it is within this framework that the successful candidate will operate. Working with colleagues in each of Acer Europe's regions, the most important aspect of the role is to provide a high quality financial service to our managers to assist them in the successful management of the projects.

Reporting directly to the Managing Director of Acer Europe, this position requires excellent leadership qualities and the ability to develop good working relationships with technical staff.

The challenge is such that responsibilities range from the development of systems and procedures through to management accounts, covering the entire spectrum of financial administration from payroll to financial awareness.

As well as a stimulating challenge in a company with its sights set firmly on the future, we offer an excellent working environment and an extremely attractive salary and benefits package.

If this brief summary matches your ideas of your next career move, we'd like to hear from you. Please write to David Jenkins, Personnel Manager, Acer Consultants Ltd, Acer House, Medawar Road, The Surrey Research Park, Guildford, Surrey GU2 5AR.

...with sights set firmly on the future.

Surrey

acer

Financial Controller

Home Counties

c £35,000 + Car

Our client, a substantial and profitable company, manufactures a wide range of products for use in the industrial and domestic sectors. In addition a full hire and sales service is provided through a national network of outlets.

As Financial Controller and reporting to the Financial Director, you will be responsible for the day to day management of all accounting functions including statutory and management accounting, cash collection and processing, data preparation and costing.

The ideal candidate will be 35-45, ACMA qualified and with a record of achievement in a manufacturing and multi-location profit centre environment, capable of making an immediate contribution. Technical strengths should be backed by commercial astuteness and proven ability as a man manager and team developer. Computer literacy, well developed communication skills and strength of character are essential qualities to succeed in a role demanding both drive and commitment.

For this challenging post and genuine career development opportunity leading to a Board appointment, an attractive basic salary, bonus and full range of benefits are offered.

Please send your details quoting Ref 9052 to John Whetmore, Barnett Consulting Group Limited, Providence House, River Street, Windsor, Berkshire SL4 1QT. Tel: 0753 858868.

BARNETT

County Treasurer

Up to £47,340

For this key post, we are looking for an exceptional manager who can respond creatively to change, contribute effectively to the overall management of the authority and play a vital part in ensuring that funds are available to maintain high quality services.

The County Treasurer is a full member of the Council's Management Team and is responsible for the financial management and control of the Council's annual revenue budget of £276m and the day-to-day management of a department of some 227 staff, which includes computer services.

You should have substantial experience at a senior level in financial management and hold a relevant accountancy qualification.

You will also need to be enthusiastic and diplomatic; have first-rate leadership and communication skills; and be self-motivated and innovative to meet the very special and demanding challenges that face local government.

In return, we are offering a competitive benefits package, including generous re-location assistance, a car leasing scheme and the opportunity to live and work in the environment that only Cornwall can offer.

Further details and application forms from the County Personnel Officer, Fal Building, County Hall, Truro, TR1 3AY. Telephone: 0872 74282, ext. 3141.

Closing date: 4th March 1991.

CORNWALL COUNTY COUNCIL

EQUAL OPPORTUNITIES EMPLOYER

APPOINTMENTS ADVERTISING

appears every Wednesday & Thursday (UK) & Friday (in the International Edition only)

Finance Director

Consumer Products

£40,000, Excellent Benefit Package, Car

North West

The company, a major subsidiary of an international plc, is a market leader with a turnover exceeding £200m. Its products are household names and its management is committed to expansion.

The Finance Director will have a wide brief with financial, commercial and strategic responsibilities. More specifically there will be the management of a large finance function, the ongoing development of effective management information and control systems, and the provision of a strong financial and commercial input to planning an operational issues. Property management is a further significant element.

The position requires a qualified accountant, almost certainly a graduate under 40, with first class general accounting experience gained within a major organisation. Applicants will be operating currently at Finance Director or Divisional Financial Controller level within a successful consumer product manufacturing or distribution company.

The benefit package is excellent with substantial profit share potential, non contributory pension and share option scheme.

Candidates should send a comprehensive c.v. or telephone for an application form to Howgate Sable and Partners, Arkwright House, Parsonage Gardens, Manchester, M3 2LF. Telephone 061-839 2000 quoting reference (F.T.518A).

Howgate Sable

EXECUTIVE SEARCH AND SELECTION

FINANCIAL CONTROLLER
CIRCA £30K
CAR ALLOWANCE

Required for computer company based in SW18.

We need an experienced person with the ability to take control of the entire accounting function.

Must be commercially biased chartered accountant with an extremely lively personality.

It is also essential to be a strong team leader and computer literate.

Please call Nicky Pipe on: 081 877 9441

The Top Opportunities Page

Appears in the Financial Times every Wednesday

For further information please contact

Stephanie Spratt 071-873 4027

Elizabeth Arthur 071-873 3694

How do Europe's best business people get the top jobs?

They use the FT.

Senior business people all over Europe use the FT throughout their working day.

They use it to keep up with the news, views, issues and most importantly the opportunities.

So for key national and international appointments, using the FT gives them a wider choice of the top jobs.

Today Europe is the job market and the FT, Europe's business newspaper, is where to find it.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER